



Regionalisation in the Greater Mekong Subregion (GMS): Vietnam in the GMS Cooperation Program

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Regionalisation in the Greater Mekong Subregion (GMS):

Vietnam in the GMS Cooperation Program

Tran, Thi Le Dung

A thesis in fulfilment of the requirements for the degree of

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<p>Abstract 350 words maximum:</p> <p>In Vietnam, regionalisation in the GMS occurs in different parts at different paces and levels driven by the central government and with the participation of the local governments, private sector and grassroots people in the framework of the GMS Program. So far there has been no major research either in Vietnamese or English that addresses this issue. The thesis seeks to fill this gap by examining the empirical process of regionalisation in three Vietnam's border towns in the First-Generation GMS Economic Corridor Town Development Project. Employing analytical framework based on relevant International Relations and interdisciplinary theories, and a mix of qualitative and quantitative methods, the thesis finds that the GMS regionalisation is a combination of 'top-down' and 'bottom-up' processes. The thesis commences by highlighting the significance of the Mekong River to the development of the region. Then various multilateral cooperative schemes are explored to generate a complete picture of regional cooperation. It is concluded that many multilateral mechanisms with little progress may have negative impacts on the regionalisation in the GMS. Among 13 schemes in the GMS, GMS Program is considered as one of the most well-known subregional cooperation schemes. The GMS Program came to existence just in time to assist the Mekong riparian states to integrate better into the regional and international markets in the context that there were new developments both at the regional and world's levels. In the case of Vietnam, the GMS Program has given Hanoi an option to carry on its omni-directional foreign policy and helped it consolidate its existing relationships with its traditional and neighbouring partners. Notably, regionalisation is occurring in some parts of the country where GMS projects have been implemented. Regionalisation can be best observed in economic space where there are intensive interactions among people under various dimensions enabled by favourable policies. Although regionalisation promises to bring new cooperative opportunities in the GMS, regionalisation in the GMS will continue to meet new challenges from growing natural and man-made threats to the Mekong River. Further, the involvement of outsiders is also a real challenge to the region-building process.</p>	
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List of abbreviations

ACMECS	Ayeyarwady–Chao Phraya–Mekong Economic Cooperation Strategy
ADB	Asian Development Bank
AMBDC	ASEAN–Mekong Basin Development Cooperation
APEC	Asian–Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
BEZ	Border Economic Zone
BIMP-EAGA	Brunei Darussalam–Indonesia–Malaysia–Philippines–East ASEAN Growth Area
BRI	Belt and Road Initiative
CBTA	Cross-Border Transport Agreement
CLMV	Cambodia–Laos–Myanmar–Vietnam
CLV	Cambodia–Laos–Vietnam
CPV	Communist Party of Vietnam
DPI	Department of Planning and Investment
ECF	Economic Corridors Forum
EEC	European Economic Community
EU	European Union
EWEC	East–West Economic Corridor
FDI	Foreign Direct Investment
FLM	Friends of the Lower Mekong

FRETA	Freight Transport Association
GDP	Gross Domestic Product
GMS	Greater Mekong Subregion
GMS-BF	GMS Business Forum
GMS-CEP	GMS Core Environment Program
GMS-ECTD	GMS Economic Corridor Town Project
GMS-SF	GMS Strategic Framework
IMF	International Monetary Fund
IR	International Relations
JMC	Japan–Mekong Cooperation
LMC	Lancang–Mekong Cooperation
LMI	Lower Mekong Initiative
MC	Mekong Committee
MGC	Mekong–Ganga Cooperation
MKC	Mekong–Korea Comprehensive
MRB	Mekong River Basin
MRC	Mekong River Commission
MTCO	Mekong Tourism Coordinating Office
NAFTA	North American Free Trade Agreement
NSEC	North–South Economic Corridor

PCI	Provincial Competitiveness Index
PMU	Project Management Unit
PPC	Provincial People’s Committee
SEC	Southern Economic Corridor
SECZ	Special Economic–Commercial Zone
SEZ	Special Economic Zone
SOM	Senior Officials’ Meeting
SREZ	Subregional Economic Zone
SSI	Single-Stop Inspection
SWI	Single-Window Inspection
TVA	Tennessee Valley Authority
UN	United Nations
UNDP	United Nations Development Programme
WB	World Bank
WGF	Working Groups and Forums

Chapter 1: Introduction

Research background

Regionalism, a blanket term, can be viewed as a conscious attempt by countries to form a distinct region. The rationale behind regionalism is to assist certain countries to achieve common goals collectively. These goals, which differ across regions, may have political, economic or trade implications. Although the current form of regionalism is dominated by the economic dimension, regionalism is a complex and dynamic process contributed by various interacting and competing logics.¹ Consequently, the nature of regionalism is unstable and subject to change in accordance with developments of international society. For the purpose of this thesis, regionalism is viewed as a result of increasing impact of regional social and economic exchange, which leads to societal and economic integration

Since the end of World War II, regionalism has been present almost everywhere in the world. People began to consider the issue of regionalism following the formation of the European Economic Community (EEC), which changed to the European Union (EU) in 1957 and resulted in a proliferation of theories regarding regionalism from the 1960s.

Regionalism is believed to have first arisen during the second half of the 19th century in Europe, when international trading involved preferential trading arrangements through 'most-favoured-nation' clauses, which continued to exist until after World War I.² However, regionalism did not become a widespread

¹ Andrew Hurrell, "One world? Many worlds? The place of regions in the study of international society," *International Affairs* 83, no. 1 (2007).

² Christopher M. Dent and Peter Richter, "Sub-Regional Cooperation and Developmental Regionalism: The Case of BIMP-EAGA," *Contemporary Southeast Asia* 33, no. 1 (2011).;

phenomenon partly due to the fact that it was built upon ‘beggar-thy-neighbour’ policies, which negatively affected international trade.³ Following the formation of the EEC, regionalism was embraced due to increased interdependence and integration, rather than the aim to create a trading bloc. In principle, regionalism can begin with either security or economic development as its purpose. Regardless of purpose, the core of regionalism is to ensure that countries become more interdependent, with a view to ensuring members’ political stability, socioeconomic development, regional peace and prosperity.

Although regionalism, also known as regional integration or regional cooperation, is not a new concept in contemporary international relations (IR), it is difficult to generate a concise definition of the term. For one thing, regional integration has occurred across the globe under a wide range of circumstances and taken various forms. Additionally, different concepts related to regionalism, such as regionalisation, region, regional cooperation and regional integration, began to be used extensively in regional discourse, which makes the task even more challenging. To this end, conceptual clarification of those terms is essential. Therefore, one of the first tasks of this thesis is to clarify the two ambiguous terms, regionalism and regionalisation, with an emphasis on how regionalisation is occurring in a defined geographical area in Southeast Asia.

In the context of Asia, regionalism began to flourish in the 1980s with the advent of new regionalism. Compared to European regionalism, regionalist projects in

Edward D. Mansfield and Helen V. Milner, "The New Wave of Regionalism," *International Organization* 53, no. 3 (1999).

³ Beggar-thy-neighbour is an economic policy that seeks to promote one country’s economy at the expense of another country via trade barriers, currency depreciation or cutting corporation tax rates. See George Abonyi and Filologo Pante Jr., "Economic Cooperation in the Greater Mekong Subregion: The Challenges of Resource Mobilization," in *Growth Triangles in Asia: A new approach to regional economic cooperation*, ed. Myo Thant, Min Tang, and Hiroshi Kakazu (Hong Kong: Oxford University Press, 1998).

Asia, especially in East Asia, were less institutionalised and more open than the discriminatory regionalism adopted by the EU during the first wave of regionalism. Regionalism in Asia did not require its members to sacrifice too much of their sovereignty and policy-making power and offered flexibility to members. Consequently, different kinds of regional initiatives have mushroomed across the East Asian region in a search for closer collaboration, which has helped theorists to recognise that the EU was not the only model of regionalism.

Most forms of regional cooperation are reliant on bilateral and multilateral agreements, which are orchestrated by national leaders in member states.⁴ In this sense, regionalisation in Southeast Asia is mostly top-down, in which central governments are responsible for directing the course of regional cooperation. Grundy-Warr et al. argued that trans-border regional mechanisms in this region are likely to be forms of functional integration managed by states, with few changes to national regulatory and sovereignty compromises.⁵

One method to explore the characteristics of regionalisation is via an examination of the regional development in the Mekong Region. The Mekong River is the largest transboundary river in mainland Southeast Asia and presents an excellent case study of regionalisation because the region shares common natural resources, which promises to be a site of significant cooperation as well as contestation over the next few decades.

⁴ Carl Grundy-Warr and Martin Perry, "Growth Triangles, International Economic Integration and the Singapore-Indonesian Border Zone," in *Global geopolitical change and the Asia-Pacific: A regional perspective*, ed. Dennis Rumley, et al. (Aldershot: Avebury, 1996).

⁵ Carl Grundy-Warr, Karen Peachey, and Martin Perry, "Fragmented Integration in the Singapore-Indonesian Border Zone: Southeast Asia's 'Growth Triangle' Against the Global Economy," *International Journal of Urban and Regional Research* 23, no. 2 (1999).

In the scope of this thesis, there are three terms that need to be clarified to avoid ambiguity, including Mekong Region, Greater Mekong Subregion (GMS) or Greater Mekong and Mekong River Basin (MRB).

Mekong Region is a generic term that is often used to refer to area region including includes all countries along the Mekong River: China, Myanmar, Thailand, Laos, Cambodia and Vietnam. While the GMS refers to both a regional arrangement taken the name from the Mekong river and a natural economic area that is being constructed with the facilitation of the Asian Development Bank. The GMS Program was established in 1992. The geographical area of the GMS covers five ASEAN countries and a part of China. However, it is worth noticing that the Greater Mekong should not viewed as simply as a given geographical area, but it is as a politically, socially, historically, and ideologically constructed region.

The Mekong River Basin (MRB) refers to the portion of land drained by the Mekong River and its tributaries. The basin of the Mekong River drains a total land area of 795,000 km² from the eastern watershed of the Tibetan Plateau to the Mekong Delta.⁶

Prior to the launch of the Lancang–Mekong Cooperation (LMC) in 2015, the GMS Program was the only mechanism that included all six Mekong riparian states⁷. Further, among various regional cooperative mechanisms, the GMS Program is considered to be one of the most dynamic programs in mainland

⁶ Mekong River Commission for Sustainable Development, "Physiography," <http://www.mrcmekong.org/mekong-basin/physiography/>.

⁷ The Mekong River that runs through Southern China is known as Lancang Jian or Lancang River by Chinese people. Brian Eyler, a Mekong researcher, revealed in his latest book that until recently not many people knew that Mekong River and Lancang River referred to the same river and this resulted in much confusion in China as why they have been heavily criticised by the downstream countries for how China has been treating the river. See Brian Eyler, *Last days of the mighty Mekong* (London, UK: Zed Books Ltd, 2019), 4.

Southeast Asia. Like other multilateral cooperative initiatives in the region during this period, the GMS Program has adopted the principle of ‘soft regionalism’⁸ of the Asian–Pacific Economic Cooperation (APEC) and ASEAN, with the advantage of flexibility in cooperation for individual members based on their own pace and readiness. The GMS countries came together under the umbrella of the GMS Program thanks to shared interests and concerns, in which national interests played an important role in cooperation. However, the objectives of the GMS Program are not only to physically connect the region but also to form a region without barriers which will result in a freer flow of goods and people. Further, this regional scheme has addressed concerns regarding social and environmental issues that are shared among the member countries.

Using the Mekong River as a foundation for regional cooperation, the GMS Program has created a region in which there is a smooth flow of goods, vehicles and people via improved physical infrastructure systems and harmonised cross-border policies. Moreover, the process of regional cooperation is now occurring at different levels and degrees in the GMS, building on existing affiliations in culture, history, language and lifestyle. Nevertheless, cross-border cooperation, which reflects the ‘ASEAN Way’ of national governments in the process.⁹

⁸ ‘Soft regionalism’ concept was used by Robert Scalapino to characterise the emerging trends of regional cooperation in Northeast Asia, especially Japan, that lacked ‘a formal structure’ or formal agreement. The central element of the cooperation was a growing network of economic ties among virtually all of societies of the region. The classic example of soft regionalism is ASEAN. See Robert A. Scalapino, *Major power relations in Northeast Asia* (Lanham, MD: University Press of America, 1987).

⁹ ‘ASEAN Way’ refers to an approach to dispute-settlement and regional cooperation employed by the members of ASEAN to ensure regional peace and stability. According to Amitav Acharya, the operation principles of the ASEAN Way are based on consultations and consensus in terms of inter-state behavior and decision-making process. In the framework of regional cooperation, the ASEAN Way involves ‘a high degree of discreetness, informality, pragmatism, expediency, consensus-building, and non-confrontational bargaining styles.’ See Amitav Acharya, "Ideas, identity, and institution-building: From the 'ASEAN way' to the 'Asia-Pacific way'?", *The Pacific Review* 10, no. 3 (1997): 11-12.; Myo Thant and Mint Tang, *The*

Regionalisation in the GMS is an interesting case to investigate because it can provide some information about how a region is constructed from the top-down, within and below, through the participation of various actors that range from regional bodies to the grassroots level. There is no prior research in either Vietnamese or English that addressed this issue. Therefore, this thesis seeks to fill the gap by an examination of the regionalisation in the Mekong Subregion under the framework of the GMS Program since the beginning of the 1990s.

Vietnam was chosen to be the focus of this research for two reasons. First, Vietnam is a centrally controlled political system. In foreign policies, the central government plays a decisive role; local governments are seen as an executive body with little or no proactiveness. Therefore, the role of local governments is paid little attention to, both in practice and in current literature. Second, the relationships between Vietnam and its neighbours: Laos, Cambodia and China are complex and varied in different periods. It is worth studying how Vietnam has adapted itself to the changing world in order to integrate into the region and the world. As such, the research was focused on Vietnam's participation in the GMS cooperation, particularly the involvement of the local governments in the process. Moreover, the perceptions of grassroots people towards regional cooperation and integration were also considered as an essential element in forming *regionness*. The research used Vietnam's border towns as a case study to explore the interaction between various actors in the process.

Research questions and central hypothesis

Regionalisation is an empirical process expected to spontaneously occur beyond the willingness of states. In some cases, it comes prior to regionalism and entails the formation of a region, whereas in other cases, it occurs after the

Indonesia–Malaysia–Thailand Growth Triangle: Theory to Practice (Manila: Asian Development Bank, 1996).

commencement of regional integration by formal agreements between governments.¹⁰ In this respect, the GMS Program has no formal agreements or regulations to bind cooperation and does not have a basic foundation with which to commence regionalism. Cooperation began and is conducted as a voluntary project-based approach, whereby member countries joined projects of their own choosing. To date, the success of the GMS Program has been due in large part to the efforts and determination of the GMS governments. The GMS Program has become an important mechanism to assist individual countries to develop and better integrate into the region and the world. Further, the promotion of regional cooperation does not rely solely on the willingness and effort of central governments, but requires the joint endeavours of states, subnational units, non-state actors and grassroots people to build a region. Put another way, while the role of states in regionalisation is crucial, it is insufficient to increase regionness. On this premise, this thesis addresses two investigative tasks:

1. To explore why and to what extent the Vietnamese central government has been involved in the process of regionalisation in the GMS.
2. To investigate the roles of local governments, the private sector and grassroots people in the process.

Based on these research questions, this thesis seeks to validate the central hypothesis:

In Vietnam's context, regionalisation in the GMS is a process dominated by the central government, guided by informal methods of decision-

¹⁰ Raimo Väyrynen, "Regionalism: Old and New," *International Studies Review* 5, no. 1 (2003); Jens-Uwe Wunderlich, "Regionalism, globalisation and international order: Europe and Southeast Asia," in *Regionalism, globalization and international order* (Hampshire, England: Ashgate, 2007); John Ravenhill, "East Asian regionalism: Much Ado about Nothing?," *Rev. Int. Stud.* 35, no. S1 (2009); Edward D. Mansfield and Etel Solingen, "Regionalism," *Annual Review of Political Science* 13, no. 1 (2010); Christopher B. Roberts, *ASEAN regionalism: cooperation, values and institutionalization* (London: Routledge, 2012).

making and promoted by local governments, the private sector and grassroots people. The involvement of these various factors results in different paces and degrees of regionalisation.

Literature review

Old regionalism versus new regionalism

Regional cooperation has become a widespread IR phenomenon over the past 70 years. The first wave of regionalism, known as old regionalism, peaked between the 1950s and 1960s and was dominated by the European experience. The period from the late-1980s witnessed a renewed interest in regionalist theories, known as new regionalism, which included the revival and establishment of old and new regional projects, including Mercosur, ASEAN, APEC and the North American Free Trade Agreement (NAFTA). The success of the EU inspired the rise of regionalism in other parts of the world and ignited the growth of theories regarding the causes and dimensions of regional integration.¹¹

Old regionalism must be understood in a particular historical context, in which the bipolar Cold War structure was dominant.¹² The theoretical debate that characterised old regionalism was the division between supranational and

¹¹ Louise Fawcett, "Regionalism from an Historical Perspective," in *Global Politics of Regionalism*, ed. Björn Hettne, Mary Farrell, and Luk van Langenhove (London, Ann Arbor, MI: Pluto Press, 2005). Anthony Payne and Andrew Gamble, "Regionalism and world order," (Basingstoke [England]: Macmillan, 1996); Norman Dunbar Palmer, "The new regionalism in Asia and the Pacific," (U.S.: Lexington Books, 1991); Fredrik Söderbaum, "Introduction: Theories of New Regionalism," in *Theories of new regionalism: a Palgrave reader*, ed. Timothy M. Shaw and Fredrik Söderbaum (Houndmills, Basingstoke, Hampshire, New York: Palgrave Macmillan, 2003); Shaun Breslin and Richard Higgott, "Studying Regions: Learning from the Old, Constructing the New," *New Political Economy* 5, no. 3 (2000); Alex Warleigh-Lack, "Studying regionalisation comparatively: A conceptual framework," in *Regionalisation and Global Governance: The Taming of Globalisation?*, ed. Philippe de Lombaerde, Christopher W. Hughes, and Andrew Fenton Cooper (London: Routledge, 2007).

¹² Björn Hettne and Fredrik Söderbaum, "The New Regionalism Approach," *Politeia* 17, no. 3 (1998).

intergovernmental approaches. According to Wunderlich, in the context of international and regional cooperation, supranational approaches emphasised the dominant role of institutions, which can supersede and override sovereign authority of nation-states, whereas intergovernmental approaches focused on the centrality of the nation-state.¹³ The objectives and content of old regionalism were simple and narrow. Goh points out that the focus of regional cooperation was to ensure political stability and economic growth.¹⁴

Old regionalism was very Eurocentric in that the EU was taken as an exemplar of regional integration and used as a standard of integration to compare and evaluate the levels of integration of other regional projects.¹⁵ This approach was sometimes addressed as 'hegemonic regionalism.'¹⁶ However, regionalism gradually declined by the mid-1970s. Following the end of the Cold War, regionalism received renewed emphasis and quickly became a trend in different parts of the world.¹⁷

The return of regionalism during the 1990s was termed second-generation regionalism or new regionalism,¹⁸ which flourished mainly in South and Southeast Asia through regional trading arrangements. Unlike the first wave of regionalism, new regionalism did not put much weight on institutionalisation,

¹³ Wunderlich, "Regionalism, globalisation and international order: Europe and Southeast Asia."

¹⁴ Evelyn Goh, "Developing the Mekong: Regionalism and regional security in China - Southeast Asian relations," (London: Routledge, 2007).

¹⁵ Ibid.

¹⁶ Hettne and Söderbaum, "The New Regionalism Approach."

¹⁷ Kripa Sridharan, *Regional cooperation in South Asia and Southeast Asia* (Singapore: Institute of Southeast Asian Studies, 2007).

¹⁸ Andrew Hurrell, "Explaining the resurgence of regionalism in world politics," in *Comparative regionalism*, ed. Fred H. Lawson (England: Ashgate Publishing Limited, 2009).

but was an empirical trend closely related to rapid globalisation and other systemic factors. Many regional groupings tried to avoid having institutionalist and bureaucratic structures. Although the EU was the exemplar of regional integration and cooperation and the benchmark against which other regionalism was measured during the first wave, regionalism following the Cold War no longer took EU regionalism as its model.

North America and the Asia–Pacific are the two other centres of new regionalism. New regionalism is a complex process that occurs simultaneously at various levels of analysis. Moreover, new regionalism is not limited to trade and security but has expanded to a variety of areas. Unlike the first wave of regionalism, new regionalism is not dominated by states, but is influenced by markets, private trade and investment flows, civil society and external factors.¹⁹

Some notable research on new regionalism in Asia and the Pacific includes: *The New Regionalism in Asia and the Pacific*, by Norman D. Palmer; *New Asian Regionalism*, edited by Tran Can Hoa and Charles Harvie; *Advancing East Asian Regionalism*, edited by Melissa G. Curley and Nicholas Thomas; and *Asia–Pacific Regionalism*, edited by Ross Garnaut and Peter Drysdale.²⁰

In *The New Regionalism in Asia and the Pacific*, Palmer presents an overall picture of regionalism in IR, including old and new regionalism in Western

¹⁹ Kevin G. Cai, "The politics of economic regionalism : explaining regional economic integration in East Asia," (Basingstoke : Palgrave Macmillan, 2010); Shaun Breslin and Richard Higgott, "New regionalism(s) in the global political economy. Conceptual understanding in historical perspective," *Asia Europe Journal* 1, no. 2 (2003); Andrew Hurrell, "Explaining the resurgence of regionalism in world politics," *Review of International Studies* 21, no. 4 (1995)..

²⁰ Palmer, "The new regionalism in Asia and the Pacific." Van Hoa Tran and Charles Harvie, "New Asian regionalism: responses to globalisation and crises," (Basingstoke: Palgrave Macmillan, 2003); Ross Garnaut and Peter Drysdale, "Asia Pacific regionalism : readings in international economic relations," (Pymble, N.S.W: HarperEducational in association with the Australia-Japan Research Centre, 1994); Melissa Curley and Nick Thomas, "Advancing East Asian regionalism," (London: Routledge, 2007).

Europe, North America, Asia and the Pacific. He gives a detailed description of the evolution of new regionalism in Asia and the Pacific and emphasised the relationships among nationalism, regionalism and internationalism in this region. Palmer believes that the overall environment in Asia and the Pacific, strategic, political and economic, was 'unusually favourable' that led to growing regional and international cooperation.²¹

Tran explains the rationale of regionalism in Asia in *New Asian Regionalism*; Tran argues that the emergence of Asian regionalism was in response to 'new developments and challenges to restore growth, improve trade and investment opportunities and create welfare prospects in the region'.²² He also analyses the impact of increasing regional economic integration on some countries in the region, including Vietnam, Thailand, China, Indonesia and the Philippines, and pinpoints challenges and prospects of Asian regionalism. In this book, Lloyd examines regional cooperation from a different angle. He focuses on analysing regional trade agreements (RTAs) in the Asia-Pacific area from the early 1990s as a form of regional cooperation. While new regionalism promoted non-discrimination towards members and non-members, RTAs revealed another story. One prominent feature that Lloyd raises in his paper was 'a complex multi-layered pattern of discrimination'²³ in world trade due to two reasons. First, a country could be a member of more than one RTAs. Second, most RTAs were often between developed countries. Although there were cases between

²¹ Norman D. Palmer, "Asia-Pacific Regionalism: An Overview," in *The new regionalism in Asia and the Pacific* (U.S.: Lexington Books, 1991), 21-29.

²² Tran Van Hoa, "Part I: Introduction," in *New Asian Regionalism : Responses to Globalisation and Crises*, ed. Tran Van Hoa and Charles Harvie (London: Palgrave Macmillan, 2003), 3.

²³ Peter J. Lloyd, "The Systemic Effects of Recent Regionalism," in *New Asian Regionalism: Responses to Globalisation and Crises*, ed. Tran Van Hoa and Charles Harvie (London: Palgrave Macmillan, 2003), 37.

developed and developing countries, this type of agreement was not widespread.²⁴

In *Asia–Pacific Regionalism*, Garnaut and Drysdale bring together considerable literature on Asia–Pacific regionalism spanning two decades. The book contains chapters that examined Asia–Pacific regionalism from different perspectives and various dimensions. They contend that new regionalism highlighted the importance of market processes, non-official institutions and trade in producing economic integration. Their book elaborates on the concept of open regionalism, which has been further promoted by regionalism in the Asia–Pacific. In particular, Elek explains that at the end of the Uruguay Round, decision-makers in Asia-Pacific decided to pursue a more open global trading system. This approach was materialised by the launch of APEC in Australia in 1989. APEC included a group of economies accounting for more than half of the world GDP and almost 40 percent of world trade. APEC’s operation principles were based on consensus and non-discriminatory liberalisation. APEC was a good example of non-discriminatory regional economic cooperation, which allowed it to set the pace of future multilateral negotiation to enhance regional and global trade liberalisation.²⁵

The book, *Advancing East Asian Regionalism*, focuses on regionalism during the post-1997 period and concluded that East Asia is advancing towards a more institutionalised regional community. The editors, Curley and Thomas, analyse challenges in building a community to envision where the region was going and how to resolve emergent issues in the process. *Theorising East Asian*

²⁴ Ibid.

²⁵ Andrew Elek, "Trade policy options for the Asia Pacific region in the 1990s: the potential of open regionalism " in *Asia Pacific Regionalism: Readings in international economic relations* ed. Ross Garnaut and Peter Drysdale (Australia: HarperEducational, The Australia-Japan Research Center, 1994), 212-17.

regionalism(s): New regionalism and Asia's future(s) by Shaun Breslin draws attention to the role of non-state actors in regionalisation, which is worth noticing. Breslin contends that while non-state actors are important in driving regionalisation, the role of states is essential in creating a favourable environment. National and local governments across the world have implemented many incentives and provided infrastructure to open up national economic space for regionalisation. This reading lays a good foundation for this thesis to examine further the role of governments at both levels in facilitating regionalisation in the particular context of Southeast Asia.²⁶

Further, there are several pertinent articles that examined the most popular type of regionalism in East Asia—subregional economic zones (SREZs)—especially by Lee, Chia and Daijin.²⁷ The establishment of these zones was fuelled by investment and trade flows. In the context of the Asia–Pacific region, governments aimed at maximising foreign direct investment (FDI) through Subregional Economic Zones (SREZs). The GMS Program is among the economic zones examined in these papers, because of its efficiency and success over the past two decades.

Nevertheless, most of the current research focuses on regionalism rather regionalisation in the Asia–Pacific region, which leaves a gap in understanding of the empirical process of regional cooperation, especially in Southeast Asia,

²⁶ Shaun Breslin, "Theorising East Asian regionalism(s): new regionalism and Asia's future(s)," in *Advancing East Asian regionalism*, ed. Melissa Curley and Nicholas Thomas (New York: Routledge, 2006).

²⁷ S. Y. Chia and T. Y. Lee, "Subregional economic zones: a new motive force in Asia-Pacific development," in *Pacific dynamism and the International Economic System*, ed. Bergsten C. F and Noland M (Washington DC: Institute of International Economics, 1993); Siow Yue Chia, "Regionalism and Subregionalism in ASEAN: The Free Trade Area and Growth Triangle Models," in *Regionalism versus multilateral trade arrangements*, ed. Takatoshi Ito and Anne O. Krueger (Chicago: University of Chicago Press, 1997); Dajin Peng, "Subregional Economic Zones and Integration in East Asia," *Political Science Quarterly* 117, no. 4 (2002).

where regional cooperation is accelerating and deepening. This thesis contributes to the research literature by an investigation of the regionalisation in one of the most active regional cooperative schemes in mainland Southeast Asia, the GMS Program.

The GMS Program

The GMS Program was initiated in the context of new regionalism, which flourished in Southeast Asia. The 1990s marked a new decade for the Mekong Region with the inception of the GMS Program. Favourable conditions brought by political developments of the post Cold-War period both at regional and global scales, together with domestic and foreign policies of each Mekong riparian state, made this subregional scheme appealing to member countries. Tan claims that the GMS Program was one of the most dynamic programs in mainland Southeast Asia.²⁸

The GMS Program is generally considered to be an economic cooperation program rather than a regional institution. Most of research on the GMS Program has been published by the Asian Development Bank (ADB), the UN Economic and Social Commission for Asia and the Pacific, and the UN Development Programme (UNDP), in the form of technical reports, working papers, policy briefs and conference proceedings. Most books regarding the GMS Program focused on the assessment of GMS efficiencies and its impacts on different areas, including socioeconomic development, trade, investment, transnational issues such as the environment, non-traditional security issues and health, particularly HIV and malaria.

²⁸ Danielle Tan, "The Greater Mekong Subregion programme: reflections for a renewed paradigm of regionalism," *Asia Europe Journal* 12, no. 4 (2014).

The majority of publications studied the impact of the GMS Program on regional development and integration in wider context of ASEAN, East Asia or the Asia–Pacific. Some of the most notable publications on the GMS include: *Subregional Economic Cooperation* (ADB, 1993); *Economic Cooperation in the Greater Mekong Subregion: Facing the Challenges* (ADB, 1996); *Developing the Mekong Subregion* (Stensholt, 1997); *Growth Triangles in Asia: A New Approach to Regional Economic Cooperation* (ADB, 1998); *ASEAN Enlargement Impacts and Implications* (Mya, 2001); *The Mekong Arranged and Rearranged* (Diokno and Nguyen, 2006); *Developing the Mekong: Regionalism and Regional Security in China–Southeast Asian Relations* (Goh, 2007); *Greater Mekong Subregion: From Geographical to Socioeconomic Integration* (Shrestha, 2010); and *Regionalism in China–Vietnam Relations: Institution-Building in the Greater Mekong Subregion* (Hensengerth, 2010).

Before embarking on sub regional cooperation, the ADB conducted preliminary consultations with the governments of six countries. The consultations revealed a strong interest in increased economic cooperation.²⁹ Moreover, Chen and Zhu argue that the GMS countries implemented GMS projects based on their needs to maximise their own interests.³⁰ Several researchers interpret the interests of member countries in the GMS Program by examining the global, regional and national contexts and putting the agenda of the GMS Program into those contexts to understand how GMS activities could be aligned with the countries' development strategies. Key studies were conducted by Ratner (2003),

²⁹ ADB, "Subregional Economic Cooperation- Initial possibilities for Cambodia, Lao PDR, Myanmar, Thailand, Vietnam and Yunna Provice of the People's Republic of China," (Manila: Asian Development Bank, 1993).

³⁰ Haiyun Chen and Ting Zhu, "The complexity of cooperative governance and optimization of institutional arrangements in the Greater Mekong Subregion," *Land Use Policy* 50 (2016).

Hensengerth (2008), Yoshimatsu (2010), Biba (2013), Hong (2012) and- Vu (2014).³¹

Regarding the common benefits shared by GMS countries, the ADB emphasises the importance of human and natural resources of the Mekong River Basin (MRB) in the foundation of the GMS.³² Ratner claims that the Mekong River is a 'true rarity' since it runs through a relatively 'underdeveloped region undergoing rapid economic transformation.'³³

In the past, economic interaction among the GMS countries was mainly bilateral and informal. Since the inception of the GMS Program in 1992, cooperation has become more 'pragmatic and activity driven.'³⁴ Given the low development levels of the Mekong riparian states, the GMS Program aimed to achieve concrete results to enhance the members' economic capacities and to sustain the momentum of cooperation.

Economic Cooperation in the Greater Mekong Subregion: Facing the Challenges provides an overview of this ADB-assisted cooperative mechanism, which included the background to the program, activities and priority subregional projects undertaken during the early phase of the GMS Program.

³¹ Blake D. Ratner, "The Politics of Regional Governance in the Mekong River Basin," *Global Change, Peace & Security* 15, no. 1 (2003); Oliver Hensengerth, "Vietnam's Security Objectives in Mekong Basin Governance," *Journal of Vietnamese Studies* 3, no. 2 (2008); Hidetaka Yoshimatsu, "The Mekong region, regional integration, and political rivalry among ASEAN, China and Japan " *Asian Perspective* 34, no. 3 (2010); Sebastian Biba, "China's Continuous Dam-building on the Mekong River," *Journal of Contemporary Asia* 42, no. 4 (2012); Truong-Minh Vu, "Between system maker and privileges taker: the role of China in the Greater Mekong Sub-region," *Revista Brasileira de Política Internacional* 57, no. spe (2014).

³² ADB, "Economic cooperation in the Greater Mekong Subregion: facing the challenges," (Manila: Asian Development Bank, 1996).

³³ Ratner, "The Politics of Regional Governance in the Mekong River Basin."

³⁴ ADB, "The Greater Mekong Subregion Economic Cooperation Program Strategic Framework 2011-22: Background paper " (Asian Development Bank, 2010), 4.

This publication contains the proceedings of the Fifth Conference on Economic Cooperation in the GMS, in which countries' leaders and observers presented their views and expectations for cooperation.

Similarly, the selected papers and presentations from the Sydney Working Committee Meeting and the Melbourne Mekong Conference were compiled in a book entitled, *Developing the Mekong Subregion*, which was edited by Bob Stensholt, and in which individual GMS governments' policies towards the GMS cooperation were covered. During the first decade of the GMS Program, the country members appeared optimistic about cooperation. The positive attitude of GMS countries could be partly explained by the fact that the GMS was a 'real promise because the six countries could gain some common and national interests from subregional cooperation though the motivation to join the cooperation may be different,' argues Krongkaew.³⁵

Moreover, Yoshimatsu indicated that the GMS Program was promoted as a means to mitigate political conflicts and its sectors were expanded to cover environmental and energy security.³⁶ Oliver Hensengerth adds a further dimension of the GMS regionalism in his book, *Regionalism in China–Vietnam: Institution-building in the Greater Mekong Subregion*. Here, Hensengerth examines the GMS Program as an independent actor to influence relationships between its member states through a case study of the foreign policies of China and Vietnam. Moreover, he considers the role of subnational units and transnational actors in the subregion.³⁷ Hensengerth argues that Vietnam wished

³⁵ Medhi Krongkaew, "The development of the Greater Mekong Subregion (GMS): real promise or false hope?," *Journal of Asian Economics* 15, no. 5 (2004).

³⁶ Yoshimatsu, "The Mekong region, regional integration, and political rivalry among ASEAN, China and Japan".

³⁷ Oliver Hensengerth, *Regionalism in China-Vietnam relations: Institution-building in the Greater Mekong Subregion* (London: Routledge, 2010).

to engage China in the Mekong cooperation to divert contention to cooperation and make China's policies more predictable. Moreover, the GMS was vital for Vietnam's economic reform and growth. Additionally, the GMS could help China to successfully implement its domestic reform program and connect Yunnan and Guangxi to mainland Southeast Asia. Further, China used the GMS Program to gain an advantage over the US. In the same vein, Vu states that apart from economic gains, such as opening its landlocked south-western part and exploiting the Mekong River in terms of hydropower for domestic use and export, China expected to strengthen the relationships with ASEAN countries through this regional project.³⁸

The potential of the Mekong River, from which the subregion took its name, is highlighted in many publications regarding the Mekong River.³⁹ It was contended that the Mekong River played an important role to the livelihoods of people living along the Mekong River. Further, the Mekong River is considered to have potential for commerce and tourism. Geographical proximities, historical links, cultural and ethnic ties and language affinities are pull factors that facilitate the importance of the Mekong Subregion.⁴⁰ For example, in *The Mekong Arranged and Rearranged*, Diokno and Nguyen contend that commercial routes had existed in the Mekong Subregion long before exploitation by the French. The book depicts the Mekong River under different approaches, ranging from history

³⁸ Vu, "Between system maker and privileges taker: the role of China in the Greater Mekong Sub-region."

³⁹ Goh, "Developing the Mekong: Regionalism and regional security in China -Southeast Asian relations."; Maria Serena I. Diokno and Van Chinh Nguyen, *The Mekong arranged & rearranged* (Chiang Mai, Thailand: Mekong Press, 2006); Min Tang and Myo Thant, "Growth triangles: Conceptual and Operational Considerations " in *Growth triangles in Asia: a new approach to regional economic cooperation*, ed. Myo Thant, Min Tang, and Hiroshi Kakazu (Oxford: Oxford University Press, 1998).

⁴⁰ Mya Than, "Economic cooperation in the Greater Mekong Subregion," *Asian - Pacific Economic Literature* 11, no. 2 (1997).

to economics and IR, and concluded with an evaluation of the ADB's contribution to economic development, poverty reduction and water management in regards to the GMS.

Another theme that scholars have explored is the role of the GMS to ASEAN and other regionalist projects. Although the GMS Project has brought new hope for countries in the subregion, there is still doubt whether the GMS has resulted in real benefits for member states. Biba explains that the GMS included four latecomers to ASEAN - Cambodia, Laos, Myanmar and Vietnam - which were the weakest link of ASEAN. Hence, the GMS Program facilitated the development of the Mekong countries and assisted them to catch up with their counterparts in ASEAN.⁴¹ Moreover, the joining of the six countries of the GMS would create a more conducive environment for cooperation between ASEAN and China.⁴² In this sense, Menon believes that subregional initiatives, such as the GMS Program, not only promoted regionalism but also contributed to multilateralism through the 'open regionalism' principle.

While many works praised the ADB-backed GMS Program in facilitating economic development and integration of the Mekong Region, Glassman argued in his book, entitled *Bounding the Mekong*,⁴³ that the establishment of the GMS benefitted the material interests and ideological dispositions of the major donors. He contended that instead of forming a coherent region, ADB fragmented it through unevenly developed and selectively placed infrastructure. In addition, the GMS trade and investment did not link the region as a whole but created a

⁴¹ Sebastian Biba, "Desecuritization in China's Behavior towards Its Transboundary Rivers: the Mekong River, the Brahmaputra River, and the Irtysh and Ili Rivers," *Journal of Contemporary China* 23, no. 85 (2014)..

⁴² Than Mya and Carolyn Gates, "ASEAN enlargement : impacts and implications," (Singapore: Institute of Southeast Asian Studies, 2001).

⁴³ Jim Glassman, *Bounding the Mekong* (Honolulu: University of Hawaii Press, 2010).

link to a broader East Asian regional economy that was dominated by Northeast Asian investors. As a result, the process of regionalisation in the GMS was not a 'win-win' process. Actors outside of the GMS or the more powerful actors were winners while some smaller players were losers. Additionally, Hirsch⁴⁴ added that the ADB has been a catalysing force for regionalisation but it supported specific projects that have impacted negatively on local communities and ecosystems. He used the case studies of dams in Lao and Thailand to illustrate how cooperation produced pressures and spurred competition and conflict over resources. While the ADB claimed that it always acted as a responsible stakeholder in regional projects, it supported environmentally controversial projects such as Nam Theun – Hinboun Dam.

However, the greater the connections of the GMS, the more that cross-border issues have emerged. Taking the economic corridors as its focus, *Greater Mekong Subregion: From Geographical Corridor to Socio-economic Corridors* addresses several issues of developing cross-border transport corridors, which requires careful analysis, attention and action to mitigate costs of regional cooperation and integration. This publication provides a comprehensive picture of the socioeconomic integration of GMS countries, sector-based and country-based, which was presented under national perspective. However, a specific Vietnam case is not included in the book.

⁴⁴ Philip Hirsch, "Globalisation, Regionalisation and Local Voices: The Asian Development Bank and Rescaled Politics of Environment in the Mekong Region," *Singapore Journal of Tropical Geography* 22, no. 3 (2001).

Most other publications, including journal articles are sector-specific examinations, including cross-border transportation⁴⁵, logistics⁴⁶, cross-border trade⁴⁷, hydropower⁴⁸ and energy cooperation⁴⁹ in different areas or the entire subregion. Among GMS priority sectors, the transport sector has received special attention from scholars. There are considerable publications that evaluate the impacts of GMS transport infrastructure projects, especially the economic corridors and socioeconomic aspects, including Kumagai, Isono and Keola (2008), Wiemer (2009), Stone, Strutt and Hertel. (2010), Nguyen (2012), Phi (2012), and Ishida and Isono (2012).⁵⁰

⁴⁵ Biswa Nath Bhattacharyay, "Infrastructure for ASEAN Connectivity and Integration," *Asean Economic Bulletin* 27, no. 2 (2010); N. Kumar, "Potential and Prospects of Strengthening Transport Connectivity for Regional Economic Integration in Southern Asia," *South Asia Economic Journal* 16, no. 2 Suppl (2015).

⁴⁶ Ruth Banomyong, "The Greater Mekong Sub-region of Southeast Asia: Improving Logistics Connectivity," in *Handbook of Global Logistics: Transportation in International Supply Chains*, ed. H. James Bookbinder (New York: Springer, 2013); R. Banomyong, A. Sopadang, and S. Ramingwong, "Logistics benchmark study of the East West Economic Corridor," *Business Management Quarterly Review* 1, no. 2 (2010).

⁴⁷ Choen Krainara and Jayant K. Routray, "Cross-Border Trades and Commerce between Thailand and Neighboring Countries: Policy Implications for Establishing Special Border Economic Zones," *Journal of Borderlands Studies* 30, no. 3 (2015).

⁴⁸ R. Edward Grumbine, John Dore, and Jianchu Xu, "Mekong hydropower: drivers of change and governance challenges," *Frontiers in Ecology and the Environment* 10, no. 2 (2012); Frauke Urban et al., "An analysis of China's investment in the hydropower sector in the Greater Mekong Sub-Region," *Environment, Development and Sustainability* 15, no. 2 (2012); Dennis Wichelns, "Sharing the benefits of hydropower: Co-investing the economic rents," *Water Resources and Rural Development* 4 (2014).

⁴⁹ Xiaojiang Yu, "Regional cooperation and energy development in the Greater Mekong Sub-region," *Energy Policy* 31, no. 12 (2003).

⁵⁰ S. Kumagai et al., "IDE Discussion paper No.159 - The IDE geographical simulation model: predicting long-term effects of infrastructure development projects," (Chiba, Japan: Institute of developing economies, 2008); Calla Wiemer, "Economic Corridors for the Greater Mekong Subregion," *EAI Background Brief No. 479* (2009); Susan Stone, Anna Strutt, and Thomas Hertel, "Assessing socioeconomic impacts of transport infrastructure projects in the greater mekong subregion," *St. Louis: Federal Reserve Bank of St Louis* (2010); Binh Giang Nguyen, "Potential economic corridors between Vietnam and Lao PDR: Roles played by Vietnam," (St. Louis: Federal Reserve Bank of St Louis, 2012); Masami Ishida and Ikumo Isono, "Old, new

In the specific case of Vietnam, the limited literature suggests that Hanoi has valued its membership of the GMS Program and its potential benefits. Hensengerth concludes that Vietnam had a multitude of strategic interests in the Mekong River.⁵¹ Also, Dosch and Hensengerth believe that regional integration was a major pillar of Vietnam's new foreign policy, which was outlined in the Politburo Resolution No. 13 in May 1988.⁵² Therefore, joining the GMS Program was the correct move by the government of Vietnam at the beginning of the 1990s.⁵³

However, research on Vietnam is very limited. For example, there have only been a few cursory explanations as to why Vietnam actively participated the program and the societal effects of the program. Additionally, there have not been any substantive studies on the compatibility of Vietnam's relevant national strategies with the GMS Program. Further, most researchers writing from Vietnam and in Vietnamese concentrated on the objectives, operational mechanisms, main achievements, opportunities and challenges for Vietnam in the GMS Program during the early days, particularly in the economic sphere.

and potential economic corridors in the Mekong region," in *Emerging Economic Corridors in the Mekong region*, ed. Masami Ishida (Bangkok: Research Center IDE-JETRO, 2012).

⁵¹ To Vietnam, waterways are important transport routes and sources of energy to create incentives for economic development. Further, economic development is an important factor of political stability. See Hensengerth, "Vietnam's Security Objectives in Mekong Basin Governance."

⁵² The Politburo issued Resolution No. 13/NQ-TW on foreign affairs and duties in the new situation on May 20, 1988. The Resolution pointed out that in order to consolidate and maintain peace, Vietnam needed to concentrate on economic construction and development. The major goal was "making more friends, reducing enemies" partly through expanding and diversifying international cooperation relations. See Tung Nguyen Vu, "Chapter 8: Vietnam's security challenges: Hanoi's New Approach to National Security and Implications to Defense and Foreign Policies," in *Security Outlook of the Asia Pacific Countries and Its Implications for the Defense Sector - NIDS Joint Research Series No.7*, ed. National Institute for Defense Studies (Tokyo: National Institute for Defense Studies (NIDS) - Ministry of Defense, 2010).

⁵³ Jörn Dosch and Oliver Hensengerth, "Sub-regional cooperation in Southeast Asia: The Mekong Basin," *European Journal of East Asian Studies* 4 no. 2 (2005).

Key examples include Nguyen Tran Que, Nguyen Hong Nhung and Phi Vinh Tuong.⁵⁴ Consequently, there is a lacunae in the literature for this thesis to explore how Vietnam utilised the process of regional cooperation under the GMS Program to promote its national interests and how other non-state actors participated and perceived the GMS Program to create a region. Further, there is no current project that takes the grassroots level into account in the process of building and promoting the subregion in the GMS context.

Given these considerations, this thesis contributes a critical piece of the Vietnamese jigsaw into the mosaic of regional cooperation by developing a more complete picture about Mekong regionalisation, with a particular emphasis on Vietnam. This thesis contributes a Vietnamese perspective to the literature on Mekong regionalisation through the incorporation of grassroots people's views and the contributions of local governments to the process. Because the author is fluent in the Vietnamese language and possess sound knowledge about the operational mechanisms at the provincial level, this facilitated obtaining insights concerning the coordination and implementation of GMS projects and initiatives at a subnational level in Vietnam in the course of field work.

Analytical framework, methodology and data

The thesis employs IR theories to frame its analysis. Depending on the issues investigated in respective chapters, the thesis applies different paradigms from the IR literature, such as traditional IR theories, including liberalism and

⁵⁴ Tran Que Nguyen and Van Trung Kieu, *Sông và Tiểu Vùng Mê Kông: Tiềm năng và hợp tác phát triển quốc tế* [River and Mekong subregion: Potential and international developmental cooperation] (Ha Noi: Nha xuất bản Khoa Học Xã Hội, 2001); Tran Que Nguyen, *Hợp tác Tiểu Vùng Mê Công Mở Rộng: Hiện tại và Tương lai* [Cooperation in Greater Mekong Subregion: Present and Future] (Ha Noi: Nha xuất bản Khoa Học Xã Hội, 2007); Hong Nhung Nguyen, "Việt Nam trong hợp tác Tiểu Vùng sông Mê Kông mở rộng [Vietnam in GMS cooperation]," *Nhung van de kinh te va chinh tri the gioi* [World's economic and political issues] 5 (2007).

constructivism, as well as interdisciplinary theories, including the localisation of foreign policy and decentralisation to lay a theoretical foundation for understanding issues.

This thesis used the case study of Vietnam in the GMS to investigate the process of regionalisation. The GMS and Vietnam were taken as case studies for different reasons. Firstly, the purpose of this thesis was to examine a small aspect of regionalisation. The GMS is a unique case of regionalisation as it falls somewhere between regionalism and regionalisation. It does not represent either regionalism or regionalisation but offers some dimensions to help us understand some of the variations associated with regional integration. Additionally, there is a lack of research on Vietnam in the GMS, which fails to provide a holistic picture of GMS regionalisation. Secondly, case studies often involve cases that are somehow unique or not comparable to others. Therefore, it was not intended to engage in any generalisation but conduct an exploratory case study aimed at building initial understanding of the situation. As a result, the thesis was aimed at gaining some insights into actual trans-border economic, political, and sociocultural integration by focusing on specific processes of integration within a specific region in Southeast Asia.

This research adopts a deductive approach reinforced by a mix of quantitative and qualitative methods.⁵⁵ These two methods apply different techniques to validate data; both are utilised to explain complex relationships in social sciences.⁵⁶ Devine argues that the use of qualitative methods in combination with

⁵⁵ Inductive reasoning is a 'bottom up' approach, which begins with specific observations and measures to determine patterns or regularities and ends up with broader generalisations and theories. See William M.K. Trochim and James P. Donnelly, *The research methods knowledge base*, Third edition. ed. (Mason, Ohio: Mason, Ohio : Atomic Dog/Cengage Learning, 2008).

⁵⁶ Quantitative and qualitative methods utilise different techniques to assess data and derive conclusions. Both types are used to explain complex relationships in social sciences. See Anthony J. Onwuegbuzie and Nancy L. Leech, "On Becoming a Pragmatic Researcher: The Importance of Combining Quantitative and Qualitative Research Methodologies," *International Journal of Social Research Methodology* 8, no. 5 (2005); Isadore Newman and Carolyn R. Benz, *Qualitative - quantitative research methodology: Exploring the interactive continuum* (The United States of America: Southern Illinois University Press, 1998).

quantitative methods plays an important role in political science.⁵⁷ Following Devine, this thesis incorporates the use of both in-depth interviews and survey work, in addition to case study analysis and other primary and secondary sources, in its analysis.

This thesis also utilises existing scholarly literature and media reports on regional cooperation in the Mekong Subregion in both English and Vietnamese, combined with interviews conducted with local officials to explore their views on the GMS Program and the GMS Economic Corridor Town Project (GMS-ECTD). Additionally, this thesis uses primary data retrieved from the following sources (most of which are publicly available online):

Data on GMS and Vietnam's policies

- Official documents (e.g., Regional Investment Framework, official assessment of various GMS sectors and GMS leaders' summit declarations) available on the GMS and the ADB official websites (<https://www.adb.org/> and <https://greatermekong.org/>).
- The Communist Party of Vietnam's (CPV's) official documents (e.g., resolutions, decisions and circulars) partly available from the CPV's official website (<http://dangcongsan.vn/> and <http://thuvienphapluat.vn/>).
- Medium- and long-term socioeconomic development strategies at the national and provincial levels.
- Documents from the first GMS-ECTD.

Data on economic conditions of Vietnam

- Statistical Yearbooks of Vietnam from the General Statistics Office.

⁵⁷ Fiona Devine, "Qualitative analysis," in *Theory and methods in political science*, ed. David Marsh and Gerry Stoker (Basingstoke, Hampshire: Macmillan, 1995).

- Statistics compiled by Vietnam General Department of Customs and Provincial Departments of Customs.
- Statistics Publications by the ADB, the World Bank (WB) and the International Monetary Fund (IMF).

Based on these primary data sources, the thesis analyses the case study of GMS-ECTD to illustrate how the interaction and cooperation between different levels of governance in project implementation has fostered regionalisation. The main focus is on local governments to understand their role in the localisation of foreign policy and promotion of bilateral relationships in regional cooperation.

The three towns of GMS-ECTD, particularly the two border towns Moc Bai and Lao Bao, were selected for two reasons. First, the project was actively promoted by both the ADB and Vietnam's government; therefore, substantial resources were provided to these localities. Thus, it was expected that far-reaching changes in the towns would be observed by different stakeholders. Second, the provinces were previously closed but were now more open to bilateral and multilateral cooperation. The local residents directly benefited from the implementation of the project and may have an awareness of the GMS Program and cross-border cooperation, which would make for an interesting case study to understand regionalisation at the local level in the GMS.

Fieldwork and in-depth interviews

The author conducted two fieldtrips to Tay Ninh and Quang Tri provinces, during which five interviews were conducted with local authorities and project coordinators in December 2017 and January 2018 (Appendix A).

The provincial governments had two agencies and one unit responsible for the GMS Program, including the Provincial People's Committee, the Department of Planning and Investment and the project management unit (PMU). In each agency, one person was assigned to be in-charge of the project. When the researcher requested permission for

interviews, these agencies nominated the person in-charge and no permission was given to approach other interviewees. In addition, Tay Ninh province only allowed two people from the Department of Planning and Investment and the PMU to participate in the interviews. As a result, only five interviews were conducted.

While sets of standardised questions were designed, the questioning within each interview was conducted in an open-ended manner, which focused on the particular areas of responsibility of each interviewee. Three interviewees were recorded during the interviews, whereas the responses of the other two were recorded through handwritten notes. Records of each interview are archived at the University of New South Wales.

Grassroots-level survey

Because the perceptions of the people in the GMS have not previously been tested, the author developed a questionnaire. This survey was targeted at people living and doing business in the vicinity of borders and assumed little knowledge about either the GMS or the GMS Program. Questions were designed to test regional perceptions, knowledge and interactions between people of neighbouring countries. Each participant was approached on a random basis at business establishments, shopping malls and in the streets. Token gifts to the value of approximately AUD 3 were offered as a gesture of appreciation in return for each survey. In total, 100 surveys were completed.

Thesis structure

Apart from the introduction (Chapter 1) and conclusion (Chapter 9), this thesis is composed of seven main chapters:

Chapter 2 lays the theoretical foundation for the research. First, the chapter defines components of regional groupings, including regionalism, regionalisation and region. Next, it discusses applicable IR theories to understand

the GMS Program. It is argued that the moulding of neoliberal institutionalism and constructivism offers an appropriate approach to interpret the regionalisation in the GMS in the context of contemporary Southeast Asian regionalism. Finally, the chapter introduces the concept of growth triangles and explains how this mechanism is relevant to the GMS Program.

Chapter 3 focuses on the Mekong River to highlight its significance for regional cooperation in the GMS. The chapter begins with a review of the potential of the Mekong River as a substantial natural resource to illustrate its importance to the development of each Mekong riparian state and to the GMS. The chapter then provides further details regarding efforts of both Mekong and external countries in bringing the Mekong countries together to better exploit their potential and assist development during the post-Cold War period. After providing an overview of regional cooperation, the chapter examines different available multilateral schemes in the GMS with the view of emphasising the significance of the region to current geopolitics. Finally, this chapter explains how ‘too many multilateral mechanisms with little progress’ affected regionalisation in the GMS.⁵⁸

Chapter 4 provides information about the GMS Program in a succinct and comprehensive manner. The chapter explores the rationale for the GMS Program and details how the GMS Program was considered a timely regional cooperation in the early 1990s. Next, the chapter analyses the alignment between the GMS Program strategies and its members’ developmental strategies during the post-Cold War period. Third, the chapter examines the role of the GMS Program in

⁵⁸ Thi Le Dung Tran and Carlyle A. Thayer, "Too many schemes, too little progress: Vietnam's participation in the development of the Mekong Subregion," in *Presentation to Vietnam Update 2018, co-sponsored by Department of Political and Social Change and Strategic and Defense Studies Center, Coral Bell School of Asia Pacific Affairs, ANU College of Asia and the Pacific* (Australian National University: Australia November 13, 2018).

maintaining and promoting economic growth, social development and regional cooperation. Fourth, the chapter provides an overview of the GMS institutional arrangement and sectoral thrusts to elucidate how this multilateral mechanism has a reputation as a flexible, results-oriented and project-delivering vehicle to promote regional cooperation and contribute to economic growth and poverty reduction as well as the provision of regional public goods. The chapter also focuses on the backbone of the GMS Program, the economic corridors, which helps to understand the rationale behind the GMS-ECTD project, which is examined in later chapters. Finally, the chapter pinpoints some of limitations of the GMS program.

Chapter 5 explores the context in which Vietnam was urged to make significant adjustments in its foreign policy towards cooperation and integration at both regional and international levels. First, the chapter discusses the changing environment in the 1990s that promoted regional cooperation. Second, the chapter focuses on Vietnam, particularly its major concerns and needs since it lost traditional markets and allies due to the collapse of the socialist bloc. The chapter then analyses how Vietnam aligned its needs with the GMS Program to better serve its interests and promote peace and prosperity in the region.

Chapter 6 clarifies the role of local governments in regional cooperation and integration in the framework of the GMS Program. First, the chapter provides an overview of the relationship between the ADB and Vietnam's governments. Second, it analyses the role of local governments in the Quang Tri and Tay Ninh provinces in the GMS Program, particularly in the GMS-ECTD project. Finally, the chapter examines how bilateral relationships have deepened through the participation of local governments, which paved the way for further regional cooperation and integration.

Chapter 7 discusses the regionalisation in the GMS as an empirical process comprising various dimensions. First, the chapter examines how regionalisation has catalysed the establishment of economic space, in which local communities have enjoyed more cross-border interactions and the local economies worked cooperatively with their cross-border counterparts. Next, the chapter explores the participation of the private sector in the national economy and the GMS Program. Finally, the chapter presents the outcome of the survey, which was designed to elicit people's perceptions about the GMS Program and the region. The results provide answers to questions regarding whether regional awareness is being shaped in the project's sites, how the project has affected their daily lives and connections between the local people and the people of neighbouring countries.

Chapter 8 considers the prospects of the GMS. The chapter first explores the degree of integration of the region in terms of hardware and software connectivity and their impacts on regional cooperation. The chapter then discusses challenges faced by the GMS, which may hinder regionalisation and even make the GMS become fragmented into different groupings. Third, the chapter investigates the effects of the rise of China on the Mekong Subregion and its implications to consider the potential influence of China on region-building. Finally, challenges of the GMS are examined, which focuses on the how domestic issues of individual country may impact on the GMS regionalisation.

So far the chapter has set the scene for this research and outlines the main features of the thesis as a precursor for the further discussion in the later chapters. Chapter 2 reviews the distinction between regionalism and regionalisation and their interrelationship; and discusses the conceptual foundations for the GMS.

Chapter 2: Conceptual foundations of the GMS

Introduction

The growth of regionalism has received scholarly attention and theorisation since World War II. By the end of the 20th century, regionalism had become a well-established concept in international relations. It is such a pervasive phenomenon that it would be hard to imagine a world without regionalism. Best and Christiansen even contend that 'Regionalism is a truly global phenomenon.'⁵⁹

The EU was the most prominent and influential example of regional integration in the world and it was central to the narrative of old regionalism. Nevertheless, the advent of new regionalism demonstrated that European regionalism was not the only yardstick with which to measure regionalism. From the 1980s, regional groupings have followed different pathways in cooperation and integration, which are different from the first wave of regionalism in some respects such as characteristics, partnerships and regional sense of identity.⁶⁰ Consequently, it is necessary to understand the characteristics and concepts of different components of regionalism, particularly new regionalism, to analyse the specific case of regional cooperation in Southeast Asia.

Unlike old regionalism, new regionalism is more open and flexible in the ways in which it helps insider countries to connect and better integrate with regional and global markets. Additionally, new regionalism has focused more on economic cooperation and has various forms to suit preferences of countries at

⁵⁹ Edward Best and Thomas Christiansen, "Regionalism in international affairs," in *The Globalization of world politics: An introduction to international relations*, ed. John Baylis, Steve Smith, and Patricia Owens (United States: Oxford University Press, 2011), 441.

⁶⁰ Alex Warleigh-Lack, 'Studying Regionalisation Comparatively: A Conceptual Framework', in *Regionalisation and Global Governance: The Taming of Globalisation?*, ed. Philippe de Lombaerde, Christopher W. Hughes and Andrew Fenton Cooper (London: Routledge, 2007), 45.

different development levels. Among the kinds of regionalism, subregional economic zones (SREZs) or growth triangles are quite popular in Southeast Asia, where countries progressed different rates and were mostly concerned with economic development. Growth triangles came into being to meet the demand of economic cooperation between neighbouring countries in tandem with new developments in the world's system.

This chapter includes three main sections. First, it identifies the components of regional groupings to lay a foundation for further analysis of regionalism and regionalisation in later chapters. The first section addresses the question, 'What do we mean when we talk about the basic concepts related to regionalism, including regionalisation, region, regional cooperation and regional integration?' The chapter then discusses appropriate theoretical frameworks that can be employed to explain the nature of regionalism; it argues that the combination of neoliberal institutionalism and constructivism offer an appropriate framework to interpret regional cooperation in the GMS. In the final section, the chapter considers a typical form of regionalism in Southeast Asia, growth triangles, to understand their rationale and characteristics. Further, the final section will use the framework of growth triangles to examine the GMS initiative.

Region, regionalism and regionalisation—basic concepts of regional groupings

Regionalism versus regionalisation

Regionalism is a response to globalisation, which has become a worldwide phenomenon. Apart from new developments in the international environment that encourage countries to cooperate with each other to address different issues, the widespread emergence of regionalism can be partly explained by its

‘contagious’ effect.⁶¹ Contagious can be understood in two ways. First, contagion occurs within a region. For example, cooperation in one field tends to lead to cooperation in other fields, which is also known as the *spill-over* effect. This is true in the case of the EEC, whereby cooperation in coal and steel production was intended to spill-over into other fields. Second, regionalism can influence other regions. That is, once regional cooperation in one region commences, its effects might quickly spread to nearby regions.

Depending on the scope, level of integration and internal and external factors, there are various versions of regionalism established to suit preferences of specific regions and countries. There is no single norm of regionalism that is applicable to every region. Theories of old regionalism had mainly developed to explain European integration that began in the 1960s, yet these early theories demonstrated their shortcomings when applied to new regionalism in other parts of the world. Given the complex nature of regionalist theories, the concept of regionalism is contested and flexible. It is even more complicated because regionalism can mean different things and have various dimensions, so people naturally get confused when talking about it.⁶² As a result, it is important to clarify the related concepts of regionalism to then use them as a guide to understand what regionalism refers to in the specific context of this thesis.

In principle, regionalism could be regarded as geographically defined regions that are formalised by official agreements between groups of states. In this sense, regionalism is usually associated with a program or project that is approved and fostered by a group of states. Regionalism often goes through formalisation,

⁶¹ Laurence Whitehead, *The International Dimensions of Democratisation: Europe and the Americas* (Oxford: Oxford University Press, 1996).

⁶² Björn Hettne and Fredrik Söderbaum, ‘Theorising the Rise of Regionness’, *New Political Economy* 5, no. 3 (2000).

which is a result of intergovernmental dialogues and treaties.⁶³ Naturally, the evolution of regionalism may lead to the formation of formal institutions to facilitate cooperation. Regionalism is usually formed ‘top-down’, which is directed by central governments. Accordingly, the main actors of regionalism are states because central governments are the only actors who can sign treaties or agreements with other states. In brief, regionalism, to some extent, refers to formal regions encompassing some form of institutionalisation.

With regard to cooperation, regionalism does not merely confine to traditional realms of free trade agreements and security. Fawcett and Hurrell point out that regionalism now embraces a wide variety of cooperative aspects, ranging from economics, culture and society, and occurs at different levels and dimensions.⁶⁴ Regionalism includes a policy or project that aims to ‘enhance greater coherence in terms of economic, political, security, socio-cultural and other kinds of linkages.’⁶⁵ Therefore, regionalism ranges from soft regionalism, which promotes a sense of community awareness, to hard regionalism, which formalises regional groupings through interstate arrangements.

While regionalism is a state-driven condition or form with the clear political intention of collaboration between governments, regionalisation is a process in which regional interaction takes place spontaneously and autonomously and depends less on the initiatives of elites. Regionalisation denotes an empirical

⁶³ Shaun Breslin, “Theorising East Asian Regionalism(s): New Regionalism and Asia's Future(s)”, in *Advancing East Asian Regionalism*, ed. Melissa Curley and Nicholas Thomas (Abingdon: Routledge, 2006); Breslin and Higgott, ‘New Regionalism(s) in the Global Political Economy: Conceptual Understanding in Historical Perspective’; Katsuhiko Sasuga, *Microregionalism and Governance in East Asia* (London: Routledge, 2004).

⁶⁴ Louise Fawcett, “Regionalism from an Historical Perspective”, in *Global Politics of Regionalism*, ed. Björn Hettne, Mary Farrell and Luk van Langenhove (London: Pluto Press, 2005); Hurrell, “Explaining the Resurgence of Regionalism in World Politics.”

⁶⁵ Dent and Richter, "Sub-Regional Cooperation and Developmental Regionalism: The Case of BIMP-EAGA," 31.

process emerging ‘from below and within’ in a particular international geographical space.⁶⁶ Regionalisation is a reaction to the process of adaptation between two or more states at both elite and popular levels, which occurs within the communities and societies. As Warleigh-Lack argues:

*Regionalisation should be understood as a two-way, or multi-way, process in which complex constellations of variables at regional, global, national, local and even personal/individual levels can combine to produce outcomes at any given times.*⁶⁷

Regionalisation embraces undirected processes of social and economic interaction and is driven by different factors, such as markets, the private sector, trade and investment flows.⁶⁸ The interaction borne out of these processes may lead to the emergence of growing interdependence.⁶⁹ Intensive interaction that leads to regionalisation happens within the community among various actors, including state actors, non-state actors, transnational institutions and social groupings. As a result, regionalisation depends less on the state’s willingness and more on a combination of different actors. Hurrell asserted that interdependence that is created on the premise of deepening perceptions of common interests and shaping collective priorities and norms will contribute to the construction of regional identity.⁷⁰

⁶⁶ Fawcett, “Regionalism from an Historical Perspective”.

⁶⁷ Warleigh-Lack, “Studying Regionalisation Comparatively: A Conceptual Framework”, 51.

⁶⁸ Sridharan, *Regional Cooperation in South Asia and Southeast Asia*.

⁶⁹ Hurrell, “Explaining the Resurgence of Regionalism in World Politics”, 39.

⁷⁰ Edward Best, "Regionalism in international affairs," in *The Globalization of world politics: An introduction to international relations*, ed. John Baylis, Steve Smith, and Patricia Owens (United States: Oxford University Press, 2011), 430-31.

As such, regionalisation should be considered as a dependent variable, the success of which is observable through the interaction of other independent variables in certain contexts. Different sets of variables generated from empirical work can be used to evaluate the success of regionalisation, including transaction levels, benefits to involved actors and institutionalisation, or the likelihood of significant economic gains, leadership, legitimacy and institutionalisation.⁷¹

In this vein, Warleigh-Lack proposes four key variables: genesis, functionality, socialisation and impact. These variables set out research issues that need to be addressed to understand the process of regional integration or regionalisation. To this end, regionalisation comprises the following elements: 1) the rationale for grouping at the beginning; 2) working mechanisms, areas and involved actors; 3) the different levels and aspects of the process; and 4) its impacts on each participant state. Warleigh-Lack's proposition is sensible and comprehensive because it requires the examination of regionalisation in a way that illustrates the harmonisation of different processes and relationships. Consequently, this thesis applies Warleigh-Lack's framework to examine regionalisation in the GMS.

Regionalism and regionalisation are different in core aspects, including formality, actors and processes. However, regionalism and regionalisation tend to complement each other. Either regionalism or regionalisation may precede and follow from the other. Regionalism can pave the way for regionalisation by laying 'hardware', such as infrastructure and capital, and 'software', such as government incentive policies. Conversely, regionalisation will endow the region with substantial substance, including 'economic interdependence, institutional ties, political trust and cultural belongings.'⁷² Consequently,

⁷¹ Warleigh-Lack, "Studying regionalisation comparatively: A conceptual framework," 53-54; Ernst B. Haas, "The uniting of Europe political, social, and economic forces, 1950-1957," (Stanford, Calif: Stanford University Press, 1968).

⁷² Väyrynen, "Regionalism: Old and New."

regionalisation results in the demand for more formal regulatory mechanisms and regional governance.⁷³

For this thesis, regionalism is understood as a condition that is created and led by states, whereas regionalisation is an empirical process that occurs in a region and involves different actors and forces. Regionalisation can be understood as processes of increasing levels of 'regionness', which is a 'process whereby a geographical region is transformed from a passive object to a subject with capacity to articulate the interests of emerging region.'⁷⁴

Further, in the academic literature on regions, notions like 'regional cooperation', 'regional integration' and 'regionalisation' are problematic because they are almost interchangeable, depending upon which approach is taken. Regional cooperation and regional integration are often used interchangeably; the question is whether these two popular terms are synonymous. In this thesis, these concepts are differentiated and used accordingly.

By definition, cooperation is working together towards a shared aim, whereas integration is a process of combining two or more things so that they can work together. Therefore, regional cooperation is a process or condition of cooperation between states without having to merge into a new body or making a compulsory or legal commitment. One of the functions of regional cooperation is to build mutual understanding and trust among partners.⁷⁵ Wallace emphasises that integration creates and maintains the 'intense and diversified patterns of

⁷³ Wunderlich, "Regionalism, globalisation and international order: Europe and Southeast Asia."

⁷⁴ Hettne and Söderbaum, "The New Regionalism Approach."

⁷⁵ Fu-kuo Liu and Philippe Régner, "Prologue: Whither regionalism in East Asia?," in *Regionalism in East Asia-Paradigm shifting?*, ed. Fu-kuo Liu and Philippe Régner (London: RoutledgeCurzon, 2003).

interactions among previously autonomous units. These patterns may be partly economic in character, partly social, partly political.⁷⁶ This means that integration is the formation of parts into a whole or the creation of interdependence in different areas among different parts.⁷⁷ The end product of the integration process is a new entity, which encompasses two or more states.

Regionalism is a multidimensional phenomenon, which implies regional cooperation in different areas at different levels to attain common goals or satisfy common needs in a group of geographically proximal states. In this vein, regional cooperation is a convenient term, which can be used to describe the nature of East Asian regionalism, in which two or more states cooperate with each other without merging into a new body or political community.

What is a region?

A region is a geographical space that is continuously constructed and reconstructed by different actors, which is identified with the increasing interdependence of a group of countries in economic, societal, political and cultural aspects.⁷⁸

The concept of region derives from the Latin verb *regio*, which means 'to steer'. Originally, the meaning of the word had nothing to deal with geographical space but related to governance. Later it became associated with *regere*, which means

⁷⁶ William Wallace, "Introduction," in *The Dynamics of European Integration*, ed. William Wallace (London: Pinter, 1990).

⁷⁷ Joseph S. Nye, "Comparative regional integration: Concept and Measurement" in *Comparative regionalism* ed. Fred H. Lawson (England Ashgate Publishing Limited 2009).

⁷⁸ Mary Farrell, "Global politics of regionalism: an introduction," in *Global Politics of Regionalism: Theory and Practice*, ed. Björn Hettne, Mary Farrell, and Luk van Langenhove (London, Ann Arbor, MI: Pluto Press, 2005), 8. Hettne and Söderbaum, "The New Regionalism Approach," 5. Katsuhiko Sasuga, *Microregionalism and governance in East Asia* (London and New York: Routledge, 2004), 17.

‘to rule’ or ‘to command’.⁷⁹ Today the concept has different meanings and the word region can refer to ‘geographical space, economic interaction, institutional or governmental jurisdiction, or social or cultural characteristics.’⁸⁰ A region can be part of a country or created from a group of different states. In the context of regionalism, regions refer to regional grouping of different states that join together to achieve certain goals. However, it is quite common that it is unclear where one region ends and the next begins because the boundaries of regions are sometimes difficult to discern.⁸¹ Sometimes regional boundaries cut through a particular state’s territory and only some parts of that state are included in the region.⁸² Physical proximity is only one among various parameters by which regions are formed. There are a wide range of factors that affect the establishment of regions, including economic, social, political, cultural and historic dimensions.

The resurgence of new regionalism in the early 1990s marked a shift in the interpretation of regions, which have become vaguer because they are not regarded as given but are understood to be constructed and reconstructed. Therefore, the nature of regions is not static but is adaptive to change.⁸³ In short, a region refers to an area that embraces several states, which are linked together by geographical proximity and a level of mutual interdependence in different aspects. Importantly, the region is a human construct. The nature of a region much depends on the level of interdependence of different dimensions.

⁷⁹ Todd Landman and Neil Robinson, *Sage Handbook of Comparative Politics*, vol. 26, Reference and Research Book News (Portland, OR: Ringgold Inc, 2011).

⁸⁰ Luk Van Langenhove and Timothy M. Shaw, *Building Regions: The Regionalization of the World Order* (Abingdon: Taylor and Francis, 2011).

⁸¹ Mansfield and Solingen, "Regionalism."

⁸² Björn Hettne and Fredrik Söderbaum, "Theorising the Rise of Regionness," *New Political Economy* 5, no. 3 (2000): 462.

⁸³ Farrell, "Global politics of regionalism: an introduction."

Langenhove and Shaw draws an analogy between building a house and building a region. To build a house, they claim that people first require clear intention and imagination of how the house will appear. Then actions are essential to materialise the house. That is, deliberate intention and concrete deeds are crucial to build a physical house. Likewise, region-building requires proactive government leadership in combination with human actions. It is the result of double-building process, which is imagined and created in an institutional way.⁸⁴

An eclectic approach to understanding regionalism

The complexity of the modern world makes it impossible to explain the nature of regionalism with a single theory. Although rationalism (i.e., realism and liberalism) is relevant to explain the basic principles of how and why countries interact with each other, the changing nature of cooperation requires that other theories be applied to satisfactorily explain regionalism.

In the context of new regionalism, which emerged during the 1990s, neoliberal institutionalism was able to explain this phenomenon. Neoliberalists argue that particular historical developments in the 20th century facilitated international cooperation and made it possible to achieve collective interests.⁸⁵ The theory was built upon the premise of functional integration scholarship from the 1940s and 1950s, regional integration studies from the 1960s and transnationalism and complex interdependence from the 1970s. The initial theorisation about regionalism was inspired by the EEC's experiences in the 1950s and 1960s. The theory aims to clarify how and why the EU came about.

⁸⁴ Langenhove and Shaw, *Building Regions: The Regionalization of the World Order*, 12.

⁸⁵ Jennifer Sterling-Folker, "Neoliberalism," in *International relations theories: Discipline and Diversity*, ed. Tim Dunne, Milja Kurki, and Steve Smith (GB: Oxford University Press, 2013).

In regards to neoliberal institutionalism, neo-functionalism became the most influential approach during the early period of regionalist theory-building. The most prominent neo-functionalist was Ernest Haas, who in his 1958 book, *The Uniting of Europe*, proposes an explanation for how integration happens, particularly in the European context. He argues that cooperation in specific economic sectors would lead to greater economic integration in Europe and to wider political integration.⁸⁶ This concept is known as spill-over concept, which takes two forms. First, functional spill-over is the way in which integration in one area creates pressure for integration in other areas. Second, spill-over is used to explain the importance of supranational and national actors in the integration process. To be specific, these actors create pressure for more integration in the pursuit of their interests. The mechanism works in the way that the deepening of integration in the economic sector or low politics will create pressure for cooperation in high politics.⁸⁷ Accordingly, neo-functionalist approach presumes that cooperation across national borders particularly in the economic field spreads out to other sectors. This spill-over effect leads finally to the formation of supranational institutions and to the diminishing role of the nation-state.⁸⁸ Regionalism can be seen as the most effective means of solving common problems that derived from regional interdependence. Unlike old regionalism, cooperation occurs in different activities and the task of the policy makers is to encourage states to peacefully work together. In this sense, the functionalist approach is able to partly explain the nature of new regionalism.

⁸⁶ Haas, "The uniting of Europe political, social, and economic forces, 1950-1957."

⁸⁷ Fredrik Soderbaum, "Theories of regionalism," in *Regionalism and globalization in East Asia : politics, security and economic development*, ed. Mark Beeson (Houndmills, Basingstoke : Palgrave Macmillan, 2014).

⁸⁸ Eero Palmujoki, *Regionalism and globalism in Southeast Asia* (New York: Palgrave, 2001).

The theory now emphasises the significance of interdependence and views institutions as a means to achieve cooperation and as mediators in the anarchic system. International institutions are a mechanism to facilitate regional cooperation. As the name of the theory suggests, institutions play a key role in reducing uncertainty in cooperation through the provision of information regarding the interests and intentions of other states. Keohane emphasises that successful institutions are able to develop norms and rules in cooperation, with the view to help regulate members' behaviour. Accordingly, norm- and rule-based behaviours make cooperation more predictable.⁸⁹ Moreover, institutions foster interstate interaction and encourage the process of learning and redefining national interests.⁹⁰ Lamy contends that neoliberal institutionalism extends linkages beyond high politics and is most relevant for areas in which states have mutual interest.⁹¹

Compared to neorealist theory, neoliberalism is better at explaining how interactions of domestic and international factors alter states' definitions of their interests. Although the accumulation of wealth and military capability are crucial to the survival and development of a country, definition of national interests tends to be shaped and reshaped while states deepen their interactions.⁹² If neorealism is more or less an approach to security, neoliberalism is an approach

⁸⁹ Robert O. Keohane, "International Institutions: Two Approaches," *International Studies Quarterly* 32, no. 4 (1988).

⁹⁰ Joseph S. Nye, "Neorealism and Neoliberalism," *World Politics* 40, no. 2 (1988).

⁹¹ Steven L. Lamy, "Contemporary mainstream approaches: neo-realism and neo-liberalism," in *The globalization of world politics*, ed. John Baylis, Steve Smith, and Patricia Owens (United States: Oxford University Press, 2011).

⁹² Ibid.; Robert Keohane, *Power and Governance in a Partially Globalized World*, 1st ed. (Florence: Taylor and Francis, 2003); Jennifer Sterling-Folker, "Neoliberalism," in *International relations theories: Discipline and Diversity*, ed. Tim Dunne, Milja Kurki, and Steve Smith (United Kingdom: Oxford University Press, 2016); Robert Jervis, "Realism, Neoliberalism, and Cooperation: Understanding the Debate," *International Security* 24, no. 1 (1999); Nye, "Neorealism and Neoliberalism."

to economics that is based on the idea of free markets and focused on resource allocation.

Neoliberalism also endorses the state-centric perspective, which means that states are the main actors who dominate global affairs. In this vein, states are believed to be rational and able to maximise their interests. Nevertheless, neoliberal institutionalists believe that states have more interests in common. Consequently, cooperation is now able to be fostered and deepened. One important point is that neoliberal institutionalists recognise the role of non-state actors in the process of cooperation. The private sector is theoretically regarded as a motive of economic growth and a provider of public services.

The problem of absolute gains and relative gains forms part of two of the most influential approaches in international relations theory. Neoliberalism assumes that states tend to maximise their absolute gains through cooperation and are different from the gains of achieved by other states. Whether cooperation results in relative gain or loss is not very important to a state in neoliberalist theory so long as it results in an absolute gain.⁹³ However, the contemporary international system reveals that in the process of cooperation, countries adapt themselves to changes in the global environment and adjust their interests for the sake of the whole region. According to modern realism, if it is necessary, states will seek relative gains instead of absolute gains through cooperation.⁹⁴ Neoliberal institutionalism does not explain this feature and fails to address how state

⁹³ Robert Powell, "Absolute and Relative Gains in International Relations Theory," *The American Political Science Review* 85, no. 4 (1991).

⁹⁴ Joseph Grieco, Robert Powell, and Duncan Snidal, "The Relative-Gains Problem for International Cooperation," *ibid.* 87, no. 3 (1993).

interests are redefined and constructed in different periods in accordance with changes in the global system.⁹⁵

Moreover, rationalism alone cannot satisfactorily explain the resurgence of regionalist phenomenon in all parts of the world in the post-Cold War era, particularly in Asia. As Higgott explains, the contemporary literature on new regionalism emphasises three prominent features: 1) less state-centric; 2) greater role of non-state actors; and 3) regions as socially constructed and economically driven.⁹⁶ The emergence of new regionalism leaves little room for Eurocentric theories to interpret regional projects. New regionalist theories have moved away from focusing on states, sovereignty and security and are more concentrated on the influence of socio-cultural aspects, besides political and economic factors.

Constructivism became a popular theory after the emergence of new regionalism, and has the advantage over other theories in terms of explaining the social dimensions of IR and changes at the international level. Constructivists emphasise the norms, structures and identities that are built up by collective interactions of economic, political and social forces at regional levels. Theoretically, constructivists believe that national interest is determined through processes of interaction; hence national interest will be continuously constructed, shaped and reshaped. Moreover, interests mean different things in different

⁹⁵ Li Martin and B. A. Simmons, "Theories and empirical studies of international institutions," *Int. Organ.* 52, no. 4 (1998); Hettne and Söderbaum, "Theorising the Rise of Regionness."; Mindaugas Norkevicius, "Regional Institutionalism in the Southeast Asia," *Societal Studies* 6, no. 1 (2014); Robert Keohane and Lisa Martin, "The promise of institutional theory," *International Security* 20, no. 1 (1995). Keohane, *Power and Governance in a Partially Globalized World*, 1-20.

⁹⁶ Richard Higgott, "The theory and Practice of the Region: The changing global context," in *Regional Integration in East Asia and Europe: Convergence or Divergence*, ed. Bertrand Fort and Douglas Webber (Oxon: Routledge, 2006); Tanja A. Börzel, Thomas Risse, and Tanja A. Börzel, "Theorizing Regionalism Cooperation, Integration, and Governance."

contexts.⁹⁷ As a result, national interests and geostrategic preferences are redefined based on the regional groups to which the countries belong. The interests of states do not remain the same in all regional or international cooperative schemes of which states are members. Likewise, the interests of various actors, namely non-state actors, who participate in regional projects are also constructed.⁹⁸

Although constructivism does not represent a theory of regional integration per se it has contributed new insights to the understanding of regional integration by drawing attention to the importance of studying processes of interaction, socialisation, and learning. Constructivism investigates the processes by which both actors' interests and identities emerge and evolve, and demonstrates how practises shape actors' identities, interests, and behaviour. Furthermore, Wendt⁹⁹ argues that the structures which organise our actions are constituted by collective meanings and actors acquire and redefine their identities and interests by participating in these collective meanings.

Further, constructivist theories focus on regional awareness and regional integration, the shared sense of belonging to a specific regional community and cognitive regionalism. Regional cohesion is heavily dependent on a sense of community.¹⁰⁰ Therefore, regional institutions must provide people with a sense

⁹⁷ K. M. Fierke, "Constructivism," in *International relations theories : discipline and diversity*, ed. Timothy Dunne, Milja Kurki, and Steve Smith (Oxford: Oxford University Press, 2013).

⁹⁸ Wunderlich, "Regionalism, globalisation and international order: Europe and Southeast Asia."

⁹⁹ Alexander Wendt, "Anarchy is what states make of it: The social construction of power politics," *International Organization* 46, no. 2 (1992).

¹⁰⁰ Wunderlich, "Regionalism, globalisation and international order: Europe and Southeast Asia."

of ownership over regional development.¹⁰¹ Constructivism is able to interpret how states learn to alter their perspectives from traditional self-interest to common interests. Hettne and Söderbaum contend that neoliberal institutionalists and social constructivists share a common view in which norms and beliefs shape the behaviour of actors. Conversely, constructivists argue that actors' interests, motives, ideas and identities are not given but are socially constructed by reflective actors, who are capable of adapting to challenges imposed by changing contexts and the actions of others.¹⁰² In the non-Western context, regionalism can be developed by other driving factors, such as culture or identity, in which formal regional institutions 'remain outside of the scope of rationalist theories.'¹⁰³

It is argued that regionalism, particularly new regionalism, should be examined using both neoliberal institutionalist and social constructivist approaches. Although regions and their related features, including interests, motives and identities are socially constructed through interaction and integration, no interaction is possible without starting with some shared interests. A combination of these two theories generates a clearer picture of regionalisation in Southeast Asia. The success or failure of regionalism should not be measured merely by material indicators, but also by the 'ability to create, localise and propagate norms.'¹⁰⁴

¹⁰¹ Diokno and Nguyen, *The Mekong arranged & rearranged*.

¹⁰² Hettne and Söderbaum, "Theorising the Rise of Regionness," 460.

¹⁰³ Acharya Amitav, "Regionalism Beyond EU-Centrism," in *The Oxford Handbook of Comparative Regionalism*, ed. A. Börzel Tanja, Risse Thomas, and Acharya Amitava (U.K.: Oxford University Press, 2016).

¹⁰⁴ *Ibid.*

In GMS regionalism, states are the main actors in regional cooperation because central governments are decision-making bodies. Important decisions on strategic frameworks and action plans have been made by heads of governments through the GMS leaders' summits since 2002. Although GMS governments, with the support of the ADB secretariat, are the main stakeholders of the GMS Program, there is involvement from other stakeholders, including the private sector, transnational organisations and people at the grassroots level. The ADB believes that pursuing regional cooperation through the private sector will make it possible to access a large amount of capital from private companies. To that end, encouraging the private sector to participate in subregional initiatives makes the ADB's money stretch further.¹⁰⁵

Growth triangles - a concept of mutual cooperation in economic development

Rationale and key characteristics

Since the late 1980s, various forms of economic integration and cooperative groupings have emerged in Asia, which include countries at different levels of economic development and with different political systems. Apart from the rise of multinational forums like APEC and trade-bloc arrangements of neighbouring states, such as the North American Free Trade Agreement (NAFTA), subregional economic cooperation has proliferated across Southeast Asia. This type of cooperation is known by different names, including SREZs, natural economic territories and extended metropolitan regions, or by geometric terms, such as

¹⁰⁵ Oxfam Australia, A citizen's guide to the Greater Mekong Subregion: Understanding the GMS Program and the role of Asian Development Bank (Melbourne: Oxfam Australia, 2008).

growth triangles, growth quadrangles and polygons. Among these terms, growth triangle is the most popularly accepted generic term.¹⁰⁶

Growth triangles were probably the most well-known subregional economic cooperation scheme in Asia–Pacific during the early 1990s. They were considered to be a response by the region to new developments of the multipolar world system and were a result of the continuing transformation of the global economy in the context of which states welcomed fresh opportunities and faced new economic development challenges.¹⁰⁷ Further, growth triangles were used to test the ability of states in terms of state policy to shape economic development because changes in the international system led to domestic political and socioeconomic challenges.¹⁰⁸

The Deputy Prime Minister of Singapore, Goh Chok Tong used growth triangles in 1989 to define the subregional economic cooperation involving Singapore, Southern Johor in Malaysia and Batam Island in Indonesia, which is commonly known as SIJORI.¹⁰⁹ The term growth triangles has evolved since then to cover various forms of subregional economic cooperation between parts of three or more countries.

¹⁰⁶ Amitav Acharya, "Transnational Production and Security: Southeast Asia's "Growth Triangles"," *Contemporary Southeast Asia* 17, no. 2 (1995); Lee Tsao Yuan, "Growth triangles in Singapore, Malaysia and ASEAN: lessons for subregional cooperation " in *Asia's borderless economy: The emergence of sub-regional zones* ed. Edward Chen and C H Kwan (Australia: Allen & Unwin 1997); *ibid.*

¹⁰⁷ Sree Kumar and Sharon Siddique, "Beyond economic reality: New Thoughts on the Growth Triangle," *Southeast Asian Affairs* (1994).

¹⁰⁸ *Ibid.*

¹⁰⁹ Chia Siow Yue and Lee Tsao Yuan, "Subregional economic zones in Southeast Asia," in *Asia Pacific Regionalism: Readings in international economic relations*, ed. Ross Garnaut and Peter Drysdale (Australia: HarperEducational, The Australia-Japan Research Center, 1994), 366.

Theoretically, growth triangles are primarily economic and concerned with the reduction of barriers to cross-border trade and investment and the facilitation of free movement of labour, capital and technology in sites of transnational production. The rationale for such cooperation is the support beyond national boundaries by increased economies of scales and the exploitation of complementarities in production. According to the East Asia Analytical Unit, 'The model involves linking adjacent areas in sovereign labour and capital—and different sources of comparative advantage, to form a subregion of economic growth.'¹¹⁰ Growth triangles can help balance between shortage and surplus in terms of labour and raw materials among members.

Although there is no standard definition of growth triangles, they can be understood as consisting of geographically proximal areas of three or more countries to exploit complementarities with the view to strengthen export capacity and attract external investment to the subregion. By joining growth triangles, countries are able to solve the capital puzzle in their economic development. Moreover, the development of growth triangles has helped to transform Asian economies and provide socialist countries with the chance to integrate into the regional economy.¹¹¹

Although market forces have driven regionalisation in Southeast Asia, growth triangles are grounded by strong political motivations. For example, Acharya argues that 'the dynamics of transnational economic linkages in Southeast Asia cannot be properly understood without recognition of its political and security

¹¹⁰ East Asia Analytical Unit, "Growth triangles of South East Asia," (Canberra: Canberra : East Asia Analytical Unit, 1995).

¹¹¹ ADB, "Research Bulletin," 1, no. 2 (1992); Krongkaew, "The development of the Greater Mekong Subregion (GMS): real promise or false hope?."; Edward K.Y. Chen and C. H. Kwan, "The emergence of subregional economic zones in Asia " in *Asia's borderless economy : the emergence of subregional economic zones*, ed. Edward K. Y. Chen and C. H. Kwan (St Leonards, N.S.W: Allen & Unwin, 1997).

underpinnings.¹¹² In terms of the domestic dimension, the central government put the market-driven dynamics in its control and within its sovereignty. The operation of growth triangles must be based on governments' guidelines and policy frameworks. Transitional economic activities in growth triangles partly contribute to states' domestic stability because they can spread the benefits of economic growth to lesser developed areas of national economies. Additionally, subregional economic cooperation can improve political relations between growth triangle members. There are countries that remain in conflict with one another due to territorial disputes, but membership in a growth triangle might pacify the situation and urge countries to solve their disputes.

Chia and Lee categorised growth triangles into three different types based on the motivating factor of cooperation, including: 1) metropolitan spill-over into the hinterland; 2) joint development of natural resources and infrastructure; and 3) common geopolitical interest and geographic proximity.¹¹³

The first type encompasses a core and a periphery, which is mainly driven by the private sector with the facilitation by government. The core is usually described as more developed than the periphery in terms of infrastructure, skilled labour and developmental level. When the core achieves a certain level of development, it might encounter constraints such as land or labour availability. Naturally, the private sector may move to the less-developed periphery to maintain development and competitiveness. For example, the SIJORI growth triangle is

¹¹² Acharya, "Transnational Production and Security: Southeast Asia's "Growth Triangles", " 175.

¹¹³ Chia and Lee, "Subregional economic zones: a new motive force in Asia-Pacific development."

one in which Singapore is the core, whereas Johor state in Malaysia and the Riau province of Indonesia are the peripheries.¹¹⁴

The second type begins with cooperation in infrastructure with the desire to use shared natural resources. Economic cooperation is expected to minimise disputes over common resources and improve efficiency in exploiting them. Examples include the Indonesia–Malaysia–Thailand Growth Triangle, the Brunei Darussalam–Indonesia–Malaysia–Philippines–East ASEAN Growth Area (BIMP-EAGA), and the GMS.

The third type of growth triangle is based on geographical proximity and common economic development interests. Cooperation creates an attractive location for local and foreign investors by providing access to complementary factors. However, this type is hard to categorise because countries that might belong to this type also have interest in joint infrastructure and natural resource development. Further, there is interplay between economic and political factors in regional economic cooperation. Therefore, BIMP-EAGA or the GMS can also be considered to match this category.

The development of growth triangles has employed ideas of economic complementary, geographical proximity, political commitment and infrastructure as driving forces. These characteristics present to different extents across the three types of growth triangles. Informality, flexibility and open regionalism have made this subregional economic cooperation a favourite cooperative scheme in Southeast Asia.

¹¹⁴ Yue and Yuan, "Subregional economic zones in Southeast Asia."

The GMS as a growth triangle

The GMS Program—one of the most recent growth triangles initiated by the ADB—has emerged as a potential natural economic territory, which includes the major features described by Chen and Kwan for forming a SREZ.¹¹⁵

First, the initiative includes five ASEAN countries and part of China, which are bound together by the Mekong River. The GMS countries came together jointly to develop natural resources and infrastructure, which corresponds to a type of growth triangle proposed by Chia and Lee. The GMS Program was aimed at utilising the geographical proximity to physically and non-physically connect the subregion to enhance the economic connectivity and development of each member as well as the entire subregion. Improving the geographical attractiveness of the GMS meant facilitating access to rich natural and human resources of the subregion, which can turn the subregion into an attractive investment destination to foreign investors. The logic is that once key investors are attracted to locate in the GMS, other investors are likely to follow and in the long-term, the whole subregion will be able to enhance its competitiveness and increase FDI flows.

Second, the countries share a common heritage, including religious and cultural ties. For example, Buddhism is the main religion in the subregion. Thousands of Buddhist pagodas and monasteries stretch along the river, which is even named

¹¹⁵ Chen and Kwan described five factors that contributed to the rise of SREZs in Asia. First, countries in the region are geographically proximate to each other, which is a favourable condition for economic integration despite the political confrontation between governments. Second, different levels of development result in high economic complementary. Third, the second wave of regionalism urged countries to have development strategies that linked more with the other countries. Fourth, the change in the international environment, particularly the collapse of the communist bloc, made economic reform in socialist countries no longer a matter of choice because they had to implement the open-door policy. See Chen and Kwan, "The emergence of subregional economic zones in Asia".

the ‘River of Buddhism’ by Diokno and Nguyen.¹¹⁶ Moreover, Thailand and Laos share some common language roots with the ethnic groups of Yunnan province.¹¹⁷ Historically, Vietnam, Laos and Cambodia shared the same destiny under French colonialism during the first half the twentieth century. Between 1858 and 1897, the French empire expanded its control to the lower basin of the Mekong River including Dai Nam – present-day Vietnam, Cambodia and Laos. Three Mekong countries became protectorates of France, which were known as French Indochina.¹¹⁸ In short, linguistic, historical and cultural commonalities provided a solid foundation for subregional cooperation.

Third, there were movements of socioeconomic re-organisation in Vietnam, Laos, Cambodia and Myanmar. These countries strived for economic innovation by moving towards more market-oriented and open economies.¹¹⁹ However, lack of capital to finance economic development required the countries to remove existing political and economic barriers. Tang and Thant remarked that growth triangles were ‘attractive for countries in transition from centrally planned to market economies.’¹²⁰ The GMS Program included many poorly developed areas of Vietnam in the planning and implementation, which helped balance spatial development of the country through infrastructure and energy activities.

Moreover, the economic goal is crucial but not the sole purpose of the GMS cooperation. It was hoped that political stabilisation would be achieved through

¹¹⁶ Diokno and Nguyen, *The Mekong arranged & rearranged*.

¹¹⁷ Ibid.

¹¹⁸ Pierre Brocheux and Daniel Hémerly, *Indochina: An Ambiguous Colonization, 1858 - 1954* (Berkeley and Los Angeles, California: University of California Press, 2009).

¹¹⁹ Vannarith Chheang and Yushan Wong, "Cambodia-Laos-Vietnam: Economic Reform and Regional Integration," (Cambodian Institute for Cooperation and Peace 2015).

¹²⁰ Tang and Thant, "Growth triangles: Conceptual and Operational Considerations".

economic cooperation. According to Than and Abonyi, the ‘main objective of the GMS is to jointly develop natural resources and infrastructure by exploiting geopolitical interest and geographical proximity for the development of the Mekong River Basin.’¹²¹

Informality and flexibility are salient features characterising the operation of the GMS Program. The GMS cooperation inherited the concept of ‘soft regionalism’, with its emphasis on non-intervention and non-binding rules from ASEAN and APEC.¹²² Specifically, the launching of the GMS was not grounded on any founding document and its operation is based on continuing consultations and dialogues among GMS member countries. The flexibility of the GMS is reflected through its basic decision-making principle, which is ‘two plus’.¹²³ The GMS Program allows members to work bilaterally under project-based approach.¹²⁴ The project-based approach of the GMS Program has helped to build confidence and lay the foundations for expanding regional cooperation.

In summary, the GMS Program is one of the most typical and successful forms of growth triangles in Southeast Asia. The program is built upon the premise of proximity and complementarity between GMS countries. The growth triangle model is suitable to the context of Southeast Asia, especially in the Mekong Subregion, where informality, flexibility and open regionalism are preferred.

¹²¹ Mya Than and George Abonyi, "The Greater Mekong Subregion: Co-operation in Infrastructure and Finance," in *ASEAN Enlargement: Impacts and Implications*, ed. Mya Than and Carolyn L. Gates (Singapore: Institute of Southeast Asian Studies, 2001), 128.

¹²² Hensengerth, *Regionalism in China-Vietnam relations: Institution-building in the Greater Mekong Subregion*.

¹²³ Abonyi and Jr., "Economic Cooperation in the Greater Mekong Subregion: The Challenges of Resource Mobilization."

¹²⁴ ADB, "Overview of the Greater Mekong Subregion," <http://www.adb.org/countries/gms/overview>.

Conclusion

Regionalism is a condition created by a formal process and is the result of governmental cooperation, which is often referred to as a 'top-down' approach. Conversely, regionalisation is an empirical process that occurs simultaneously outside the direct purview of state actors in a 'bottom-up' process. The end product of regionalism or regionalisation can be the formation of a region, in which member states are more connected with each other at various levels and dimensions. In the context of new regionalism, regionalism can be examined using a theoretical combination of neoliberal institutionalism and constructivism.

As discussed in this chapter, regionalism cannot be examined and understood through a single paradigm. The roles of state and non-state actors who contribute to the process of integration can be best explained by combining neoliberal institutionalist theory and constructivist theory. In Southeast Asia, a state-centric approach still holds a significant position in interstate interactions. However, it is undeniable that non-state actors, including international institutions, non-government organisations and the private sector are playing a more important role in the process. The combination of two schools of thought helps to explain how interactions among states result in the redefining of national interests, how states must change their strategies to achieve goals and a sense of community in determining the pace of regionalism.

Countries have cooperated and integrated under different forms of regionalism, which depend on the objectives and goals of each grouping. Among several forms of regional cooperation, the growth triangle model has been popular in Southeast Asia. The rationale for growth triangles is the utilisation of available resources to facilitate economic cooperation, which is based on proximity and similarities between members, including geographical proximity, natural resources and labour, shared histories and cultures, and poor infrastructure. GMS

countries came together with the intention to promote economic integration and to enhance the subregion's attractiveness. The logic of this subregional cooperation was to provide physical infrastructure rather than tariff reduction to promote subregional cooperation and mutual trust. Cooperation then was expected to minimise potential conflicts over the Mekong River. The subregional economic cooperation played as a confidence-building platform to ensure stability in the subregion.

Now we turn from our discussion of the conceptual foundations for the GMS to an empirical analysis of the Mekong River in chapter 3.

Chapter 3: The Mekong River—from sharing natural resources to promoting regional cooperation

Introduction

Historically, the GMS was dominated by rivalry and conflicts between countries in the Mekong region. Than argued that armed conflicts, differences in political ideologies and poor infrastructure resulted in the region's isolation from the rest of Asia.¹²⁵ Although armed conflicts still exist in parts of the region, differences in ideologies remain and infrastructure still requires considerable improvement, the post-Cold War environment has encouraged greater cooperation in the region.¹²⁶

The Mekong River, considered to be a natural and geographical linking the region, is compared to a sleeping giant and embraces much mystery and power. More than 60 million people rely on the river and its tributaries for food, water and transport, and their lives are dependent on the river in many ways.¹²⁷ Therefore, the Mekong river with its great potential is significant to the development of each individual Mekong country, which also poses a challenge in managing it collectively. Although there have been efforts both from within

¹²⁵ Than, "Economic cooperation in the Greater Mekong Subregion."

¹²⁶ Some parts of chapter 3 and 4 are published in Tran Thi Le Dung, "The Mekong River, Subregional cooperation and National Development Objectives: Vietnam in the Greater Mekong Subregion," in *Touring Vietnam: Exploring development, tourism and sustainability from multi-disciplinary and multi-directional perspectives*, ed. The 9th Engaging with Vietnam (Ho Chi Minh: Vietnam National University Publishing House, 2018).

¹²⁷ Eric Baran, "Mekong fisheries and mainstream dams " in *Strategic Environmental Assessment of hydropower on the Mekong mainstream prepared for the Mekong River Commission* (ICEM-International Center for Environment Management 2010); Ian Campbell, "The Challenges for Mekong River Management," in *The Mekong: Biophysical environment of an international river basin*, ed. Ian C. Campbell (Academic Press, 2009).

and outside the region to coordinate river users to better manage and exploit resources, getting all six countries on the same page may be impossible to achieve in the foreseeable future. In addition, the issue of the Mekong subregion is not having enough mechanisms to boost cooperation but having too many of them, which actually hinders cooperative process. Regionalisation is somehow slowed down when there are outsiders with different motivations behind involvement in regional cooperation.

The chapter is divided into four sections. It starts with a discussion of the Mekong River with an emphasis on its natural potential. The next section depicts the history of regional cooperation efforts, starting from the French colonial period to present day. The Mekong Region has become an important geographic area that attracts the interests of various countries and development partners such as the US, Japan, India, the ADB and WB. The involvement of major ASEAN dialogue partners in the region has led to the establishment of multiple schemes to assist economic growth, sustainable development and improve living standards in the region. The third section of this chapter examines existing cooperative mechanisms, including both among and between Mekong countries and external partners, to highlight the quantity and quality of regional cooperation brought to the subregion. Additionally, the motivations of the initiators are explored to better understand the motivations behind their involvement. Finally, the chapter ends with an analysis of how ‘too many cooperative mechanisms’ may present challenges alongside opportunities for region-building in the Mekong Region.

The Mekong River as a natural resource

The Mekong River is known as the longest river in Southeast Asia and flows through the heart of this region. It is the only river in Asia that is shared by six nations. The significance of the Mekong River lies in its location, size, economic

and ecological resources and hydropower potential. Specifically, it houses one of the world's most diverse ecosystems and highly endangered species. For decades, the Mekong River has emerged as a focus in both international and regional efforts in river management, which demonstrates that the Mekong River is not the story of the Southeast Asian region alone, but has become of wider political interest. Due to its greatness, most of the works on the Mekong River usually commence with its size, particularly the length and volume.¹²⁸

Although there is a substantial amount of research on the Mekong River, these lack consistency regarding the length of the river because there are different numbers given by organisations and researchers. For example, the Mekong River Commission (MRC) stated that the river is approximately 4,909 km in length,¹²⁹ whereas others, such as the Research Program on Water, Land and Ecosystem, claim the length of the river to be 4,350 km.¹³⁰ In many publications, Mekong researchers often use 4,880 km or 4,889 km but do not address the source of these calculations.¹³¹ Osborne, a prominent Mekong writer, claimed that the length of

¹²⁸ Milton Osborne, "The Mekong : turbulent past, uncertain future," (Crows Nest, N.S.W.: Allen & Unwin, 2001); Goh, "Developing the Mekong: Regionalism and regional security in China -Southeast Asian relations."; Richard Cronin, "The environment and development: Greater Mekong Subregion Dynamics " in *The Borderlands of Southeast Asia: Geopolitics, Terrorism, and Globalization*, ed. James Clad, Sean M. McDonald, and Bruce Vaughn (Washington D.C: National Defense University Press 2011); Chheang Vannarith, "CICP Working Paper No 34_An Introduction to Greater Mekong Subregional Cooperation," (http://www.cicp.org.kh/userfiles/file/Working%20Paper/CICP%20Working%20Paper%20No%2034_An%20Introduction%20to%20Greater%20Mekong%20Subregional%20Cooperation.pdf2010). Ben Boer et al., *The Mekong: a socio-legal approach to river basin development* (Abingdon, Oxon, New York: Routledge, 2016).

¹²⁹ Mekong River Commission for Sustainable Development, "Physiography".

¹³⁰ WLE is a member of the CGIAR System Organization, which is a global research partnership for a food-secure future. The WLE Greater Mekong is funded in part by Australian Aid. See Land and Ecosystems Water, "Mekong River Facts," Date <https://wle-mekong.cgiar.org/mekong-river-facts/>. Verbiest also confirms the length of the river is 4,350 km in his works. See Jean-Pierre A. Verbiest, "Regional Cooperation and Integration in the Mekong Region," *Asian Economic Policy Review* 8, no. 1 (2013)..

¹³¹ For example, Cronin claims that the approximate length of the Mekong river is 4,880 km, which makes it the world's 11th or 12th longest river. Vannarith states that the Mekong River

the river is more than 4,350 km from source to sea and acknowledged that there were differences about this measurement but was unable to determine the bases for the discrepancies.¹³² Kasetsiri explained that remote-sensing technology was used to determine the source of the Mekong and the length of the river was calculated to be 4,909 km; Chuang asserted that this figure is the 'exact' length of the river.¹³³

The various lengths of the river may be partly due to the fact that the river crosses several international boundaries, contains dozens of tributaries and distributaries and has a fractal structure. These features may hinder the generation of an accurate measurement of length. Additionally, Campbell's explanation for this discrepancy sounds reasonable; he explains that the scale of the map that people used also influences calculations of length because larger scale maps can include more details of the 'twists and turns in the river channel'; therefore, the river appears to be longer.¹³⁴ Although it remains controversial, the 4,909 km length is now used by many organisations, including the MRC and the ADB, as well as prominent academics. Therefore, the length of 4,909 km is given to be the length of the river for this thesis. As such, the Mekong River is rated as the tenth longest river in the world and the longest river in Southeast Asia.

has a length of approximately 4200 km to 4889 km. See Cronin, "The environment and development: Greater Mekong Subregion Dynamics " 160; Vannarith, "CICP Working Paper No 34_An Introduction to Greater Mekong Subregional Cooperation."

¹³² Osborne, "The Mekong : turbulent past, uncertain future."

¹³³ Charnvit Kasetsiri, "Will the Mekong Survive Globalisation? ," *Kyoto Review of Southeast Asia* (2003); Shaochuang Liu et al., "Pinpointing source of Mekong and measuring its length through analysis of satellite imagery and field investigations," *Geo-spatial Information Science* 10, no. 1 (2007).

¹³⁴ Ian Campbell, "Chapter 1 - Introduction," in *The Mekong* (San Diego: Academic Press, 2009), 22.

When measured by volume, there is also lack of consistency. Osborne asserted that the Mekong can be counted as the tenth largest in the world, whereas Goh argued that the Mekong is the eighth largest river in the world.¹³⁵ The physical greatness of the Mekong River challenges even academics to generate correct length and volume measurements, which speaks to the challenges in managing the river.

Rising at 5,000 metres altitude in Qinghai province on the Tibetan Plateau and after crossing China's Yunnan province, Myanmar, Thailand and Cambodia, the Mekong River ends up as a huge fertile flat plain in Vietnam before emptying into the South China Sea. However, the exact location of the river's source has not been identified. Traversing through many territories and different types of terrains, the river is known by different names. The river's names, to some extent, reveal something about the river itself. The local names for the river reveal the significance of the river to the locals and reflect how its characteristics change as it flows through six countries. Its character between the upper and lower sections is paradoxical.¹³⁶

The river is called Dzachu (or Dza Chu), which means the 'River of Rocks' in the Tibetan Plateau. In China, it is known as the Lancang Jiang (Lancang Jiang), which means 'Turbulent River'. The river then flows southeast through Yunnan province and enters Southeast Asia. The MRB includes parts of China, Myanmar, Vietnam and Thailand and large areas of Cambodia and Laos. The Thai and the Lao refer to it as Mae Kong or Mae Nam Kong, which means 'Mother Water'. In Cambodia, it is known as the Tonle Thom, which means 'Great River'. In Phnom Penh, the channel of the Mekong divides into two major distributaries:

¹³⁵ Goh, "Developing the Mekong: Regionalism and regional security in China -Southeast Asian relations."

¹³⁶ Osborne, "The Mekong : turbulent past, uncertain future," 17.

the Mekong (Tien Giang in Vietnamese) and the Bassac (Hau Giang). These distributaries enter Vietnam and make their way to the South China Sea. Tien Giang River flows into the South China Sea through six mouths and Hau Giang River through three mouths. There are nine branches in total, which is why the Vietnamese refer to the Mekong River as Song Cuu Long, which means ‘Nine- Dragon River.’¹³⁷

The dependence on the river varies along its course. For example, the upstream riparian countries, especially Myanmar, are less reliant on the Mekong. In contrast, the downstream riparian countries are heavily dependent on the Mekong water and its water-related resources. Laos and Cambodia are greatly dependent on the river. According to Biba, about eighty to eighty-five per cent of the basin’s seventy million inhabitants make their living from the river, mainly through fishing and irrigated agricultural production.¹³⁸

Spreading from the Tibetan Plateau to the Mekong Delta, the basin of the Mekong River covers a total land of area of 795,000 square km—the Upper Mekong Basin and Lower Mekong Basin—which turns the Mekong Basin into Asia’s rice bowl.¹³⁹ The region’s fertile soil depends on nutrient-rich sediment carried by the Mekong River during the flooding season. Moreover, the river possesses the Southeast Asian region’s largest potential water source. Traversing a wide range of geographic and climatic zones, the MRB is endowed with diverse and abundant natural resources, which largely remain unexploited. The MRB is the second most diverse area on Earth after the Amazon. It has been argued that

¹³⁷ Bruce Vaughn, Sean M. McDonald, and James Clad, *The borderlands of Southeast Asia: geopolitics, terrorism, and globalization* (Washington, D.C.: National Defense University Press, 2011), 160; Osborne, "The Mekong : turbulent past, uncertain future."

¹³⁸ Biba, "Desecuritization in China's Behavior towards Its Transboundary Rivers: the Mekong River, the Brahmaputra River, and the Irtysh and Ili Rivers."

¹³⁹ Mekong River Commission for Sustainable Development, "Physiography".

the ‘Mekong appears to be one of the planet’s rivers most diverse fish.’¹⁴⁰ There are more than 20,000 types of plants and at least 1,100 freshwater species, including the last remaining populations of the Irrawaddy dolphin, giant freshwater stingray and the Mekong giant catfish.

Diverse and abundant natural resources are the MRB’s true treasure. These provide fundamental resources for irrigation and agricultural production, fisheries and aquaculture, energy and forest products, navigation and other modes of transport, domestic and industrial water supply and tourism.¹⁴¹ The Mekong River has between 175 and 250 gigawatts of technically feasible energy available for exploitation and this potential is significant to feed the growing industries of the riparian states. Moreover, Weatherbee posited that the deposits of nutrient-rich silt and supplemental irrigation water are vital to the region since all the riparian countries are agriculture-based economies.¹⁴²

Besides the abundant natural resources brought to the riparian countries, the river is also the central artery of continental Southeast Asia. Diokno and Nguyen argued that commercial routes were formed in the Mekong Region long before the explorations by the French. However, the idea of exploiting the region’s commercial opportunities was not opened up until the mid-nineteenth century by the French.¹⁴³ Consequently, there has been always an ambition to transform the Mekong Region into a centre of economic activity. However, this aspiration can

¹⁴⁰ Campbell, "Chapter 1 - Introduction," 33.

¹⁴¹ Mekong River Commission, "State of the Basin Report " (Phnom Penh Mekong River Commission Secretariat, 2003), 316.

¹⁴² E. Donald Weatherbee, "Cooperation and Conflict in the Mekong River Basin," *Studies in Conflict & Terrorism* 20, no. 2 (1997).

¹⁴³ Diokno and Nguyen, *The Mekong* arranged & rearranged.

only be realised if there is willingness from all riparian countries to collectively navigate, exploit and manage the river in a sustainable manner.

Initial regional cooperation efforts in the Mekong Region

The Mekong Region has been a geopolitically important area in Asia. The region is in the middle of Northeast Asia and South Asia, which means that it provides linkages that connect the India Ocean to inner China and to the East China Sea.

The evolution of cooperation among the riparian states in managing the river reflects the history of the Mekong Region. When there was unrest in the Mekong Region, the river seemed to be torn apart because travelling along the river's course was impossible until the late twentieth century. During the pre-colonial period, the Mekong River was considered to be part of each country's sovereignty and solely their concern.

The first effort to overcome the boundary limitations was made during the French colonial period (1862–1949). The river was under the authority of the Governor-General of Indochina and then the Indochinese Union.¹⁴⁴ There were some efforts made by the French to navigate the river because the Mekong River was a mystery to them. However, the cooperation during the French colonial period was limited because the riparian states did not freely make the decision to cooperate themselves.

The history of cooperation on the Mekong River can be traced back to the end of the 1940s, when Laos, Cambodia and Vietnam formed the Mekong Consultative Committee, with the attendance of French technicians, particularly when Laos, Cambodia and Vietnam acquired the status of Associated States. However, the committee failed to conceive of any projects due to political instability, financial

¹⁴⁴ Thi Dieu Nguyen, *The Mekong River and the struggle for Indochina* (Westport, Connecticut, London Praeger 1999), 34.

restraints and the First Indochina War (1946–1954). In 1954, the Provisional Mekong Committee was created as part of the Paris Convention, which was considered to be one of the earliest international river basin management institutions in the developing world.¹⁴⁵ The focus of the committee was to promote free navigation on the river and to ensure regional economic development.¹⁴⁶

The Provisional Mekong Committee was succeeded by the Committee for Coordination of Investigations of the Lower Mekong Basin, which was commonly referred to as the Mekong Committee (MC) in 1957, thanks to the initiative of the UN. Specifically, the UN Economic Commission for Asia and the Far East could sense the great potential of the Mekong River and proposed to utilise the river to serve the development of the Mekong Subregion. Prior to the 1990s, the Mekong countries, with the exception of Thailand, were depicted as among the poorest in the world and were continuously ravaged by wars.

Using the Mekong River's resources to help the region become prosperous and peaceful was a convincing reason for the UN to support the plan. The Mekong Project was the largest single development project of the UN had ever taken to exploit the economic potential of one of the world's greatest rivers.¹⁴⁷ The MC's responsibilities were to manage the river resources, tackle poverty and mobilise capital to implement the development plans in the region.¹⁴⁸ The Mekong Committee was comprised of ministerial level representatives from four countries, including Thailand, Laos Cambodia and Vietnam. South Vietnam

¹⁴⁵Ratner, "The Politics of Regional Governance in the Mekong River Basin," 65.

¹⁴⁶Nguyen, *The Mekong River and the struggle for Indochina* 37.

¹⁴⁷Mekong River Commission, "The Story of Mekong Cooperation," Date <http://www.mrcmekong.org/about-mrc/history/>.

¹⁴⁸ Dosch and Hensengerth, "Sub-regional cooperation in Southeast Asia: The Mekong Basin."

represented Vietnam during this period. The Mekong Secretariat was established to coordinate the activities and draw up an overall plan.

After more than a decade of study, the Mekong Secretariat developed an indicative plan for the development of the Lower Mekong Basin in 1970. The plan covered a wide range of aspects to manage the Mekong, including irrigation, navigation and fisheries, and flood control, with a concentration on power generation. Further, the plan proposed seven major dams to be constructed on the mainstream of the river. However, after scrutinising the plan, the WB concluded that ‘the plan was ambitious, unrealistic and inconsistent with the needs and priorities of the countries.’¹⁴⁹ The ambition of the MC to bring Mekong riparian countries together for the development of the region was unsuccessful, partly due to a lack of active participation from the Mekong countries as well as the ‘over-involvement’ of foreign experts in project selection and decision-making process.¹⁵⁰

Additionally, the activities of the MC were interrupted by the wars in Indochina, which lasted until 1975. War left an undeniable impact on the relationships among members. For example, during the Vietnam War, the Thai government supported the presence of the US in Vietnam and other Indochinese countries, which resulted in the drifting of countries away from one another. Moreover, there were small-scale conflicts over border demarcation and religious sites between the Thai and the Lao, and the Thai and the Cambodians. In this context, it was difficult for the Mekong countries to speak with one voice.

¹⁴⁹ Syed Kirmani and Guy Le Moigne, "Fostering riparian cooperation in international river basins: the World Bank at its best in development diplomacy," in *World Bank Technical Paper 335* (Washington, DC: World Bank, 1997), 88.

¹⁵⁰ Ibid.

Further, Cambodia ceased political relations with its neighbours and stopped participating in the MC under the isolationist regime of the Khmer Rouge from 1975 to 1979. The already poor Cambodia continued to be devastated under the Khmer Rouge regime. The region was handicapped by a lengthy period of war and conflicts, which resulted in underdevelopment, poverty and isolation.¹⁵¹ Subsequently, these factors together with the withdrawal of Cambodia from the committee in 1975 forced the Mekong Committee to continue to work in an interim status from 1978, with limited efforts in resource management. The prospects for cooperation was gloomy until the end of the Cold War.

Changes in the political and economic atmosphere motivated states to seek cooperation. Ogasawara claimed that the end of the Cold War and the Cambodian Peace Accord in 1991 provided new momentum for the development of the Mekong Subregion.¹⁵² It was through an understanding of a shared regional destiny and opening up the possibility of prosperity that brought the countries together. Additionally, the collapse of the bipolar system paved the way for dialogue and cooperation among the countries with different political regimes. The failure of centrally planned economies, which was manifested through the disintegration of the Soviet Union, encouraged countries like Vietnam, Laos and Cambodia to adopt economic reforms.¹⁵³

In October 1992, at the initiative of the ADB, the GMS Program, including Vietnam, Laos, Cambodia, Thailand, Myanmar and China (Yunnan and later Guangxi Zhuang Autonomous Region), was conceived after a year of informal

¹⁵¹ Ratner, "The Politics of Regional Governance in the Mekong River Basin."

¹⁵² Takayuki Ogasawara, "Development of the Mekong Region as Part of Japan's Diplomatic Strategy for East Asia," *Asia-Pacific Review* 22, no. 1 (2015).

¹⁵³ Binh Giang Nguyen, "Geopolitics and Development Cooperation in the Mekong region " in *The Mekong arranged and rearranged* ed. D. Maria Serana I. Diokno and Van Chinh Nguyen (Chiangmai Mekong press 2006).

consultations. This was the first time that all six riparian countries were members of a regional cooperation program, which ignited a ray of hope to better utilise the Mekong resources with the aim to assist the development and integration of the subregion through infrastructure development and the promotion of freer flow of goods and people in the subregion. Importantly, the GMS Program led to the international recognition of the Mekong Subregion as a growth area. The role and its efficiency of the GMS Program is further discussed in Chapter 4.

Three years later, following several years of negotiation, the four downstream countries of the Mekong River—Cambodia, Laos, Thailand and Vietnam—signed the Agreement on the Cooperation for Sustainable Development of the Mekong River Basin, which is also known as the Mekong Agreement, and established the MRC in April 1995. The Mekong Agreement provides clear principles of cooperation and rules of engagement in various fields of sustainable development, utilisation, management and conservation of the water and water-related resources of the MRB.¹⁵⁴ The objectives of the MRC are to ensure the MRB can develop in the most efficient manner to bring mutual benefits to all member countries and minimise the harmful impacts on people and environment which result from natural occurrences and man-made activities. There was a likelihood of greater success than the MC in 1957 because it was the initiative of four signatories and not a donor-driven idea. However, the limitations of the MRC lie in the Mekong Agreement itself. The agreement provides no veto power for any members and only contains non-binding consultations on projects through the Procedures for Notification, Prior Consultation and Agreement.¹⁵⁵

¹⁵⁴Mekong River Commission, "Agreement on the cooperation for the sustainable development of the Mekong River Basin," (1995).

¹⁵⁵ Jack Guen-Murray, Monzima Haque, and John Lichtefeld, "The Future Shape of Mekong Cooperation," Date, *The Diplomat*, <https://thediplomat.com/2017/09/the-future-shape-of-mekong-cooperation/>.

The document was criticised as being too soft and largely relied on informal procedures that are not enforceable.¹⁵⁶

Member countries can proceed with any projects, especially related to hydropower development, at their own will and disregard consequences these may have on other members or on the river. The unwillingness of members to surrender sovereignty and national interests for the sake of subregional interests has generated mounting challenges for the MRC. To some extent, it could be considered as a step backwards in multilateral resource management of this intergovernmental organisation in comparison to its predecessor, the MC. Moreover, China and Myanmar declined to become members of the MRC and likely will maintain this position. Hensengerth believes that failing to involve the upstream countries minimised the capacity of the organisation to reach any agreement among the riverine countries regarding river management despite the MRC being a treaty-based organisation.¹⁵⁷

By the mid-1990s, there were two dominant regional mechanisms in the Mekong Subregion. The GMS Program seemed to be more efficient because it dealt more with economic cooperation rather than water management. Quickly, the GMS Program superseded the MRC to be the most important mechanism in the Mekong Subregion.

Besides being a natural lifeline, the Mekong River is a major economic hub for the riparian states. Goh asserted that the Mekong River is a huge development

¹⁵⁶ Fleur Johns et al., "Law and the Mekong River Basin: A socio-legal research agenda on the role of hard and soft law in regulating transboundary water resources" *Melbourne Journal of International Law* 11, no. 1 (2010).

¹⁵⁷ Oliver Hensengerth, "Transboundary River Cooperation and the Regional Public Good: The Case of the Mekong River," *Contemporary Southeast Asia* 31, no. 2 (2009).

source, which involves hydropower, water for irrigation and a shipping route.¹⁵⁸ Once successfully managed, the Mekong River is considered to be an agent of modernisation, industrialisation and social change. Besides regional coordination and international aid, the strong cooperation between the six riparian states is the sine qua non of success and only it can transform the basin into a centre of market economic activities in a sustainable manner.

International cooperation and partnerships

Since the beginning of the 20th century, the Mekong Subregion has enjoyed peace and gradually become an important Asia–Pacific geopolitical and economic region. Changes in the political atmosphere during the 1990s motivated the Mekong countries to seek cooperation to utilise external resources for social and economic development. Additionally, understanding of shared regional destiny and desire for recovering and developing the economies have pulled the Mekong riparian states together. Further, the Mekong countries perceived the significance of regional cooperation, especially in the context that the lives of millions of people in the MRB are dependent on the effective management of the Mekong River as a shared water resource.

To outsiders, the Mekong Region has become attractive in terms of its location in relation to the Asian continent and market potential. It has naturally become a region of interest to meet the increased demand for international trade and economic integration. For example, there are thirteen cooperative mechanisms in the GMS, which include cooperation among and between Mekong countries and external partners.¹⁵⁹ Among these, there are seven schemes formed among the

¹⁵⁸ Goh, "Developing the Mekong: Regionalism and regional security in China -Southeast Asian relations."

¹⁵⁹ Trung Kien Le, "Sự can dự của một số nước tại Tiểu Vùng Mê Công qua các cơ chế hợp tác tiểu vùng và liên hệ tới Việt Nam [The involvement of of several countries in Mekong

Mekong countries and partners, including ASEAN, India, Japan, Korea and the US. Thailand and China also developed their own initiatives to tighten relationships with their counterparts in the GMS, including the Lancang–Mekong Cooperation and the Ayeyawady–Chao Phraya–Mekong Economic Cooperation Strategy. A thumbnail sketch of the thirteen multilateral cooperative mechanisms is presented below in chronological order.

Intra-regional cooperative schemes

Greater Mekong Subregion Cooperation Program (GMS): The GMS Program was initiated in 1992 by the ADB under the leadership of Japan. This was the first mechanism to include all six Mekong riparian states. Although there are only two Chinese provinces, namely Yunnan province and Guangxi Zhuang Autonomous Region that participate in the program, China has always attended at both local and central levels.¹⁶⁰ The GMS Program is discussed in detail in Chapter 4.

The Mekong River Commission (MRC): The MRC was established to manage the water resources. In 1995, four downstream countries (Cambodia, Laos, Thailand and Vietnam) signed ‘The Mekong Agreement’, which provides clear principles for cooperation and rules of engagement in various fields of sustainable development, utilisation, management and conservation of the water and related resources of the MRB.¹⁶¹

subregion through subregional cooperation mechanisms and relate to Vietnam],” *Nghiên cứu quốc tế* 1, no. 112 (2018).

¹⁶⁰ Greater Mekong Subregion, "About the Greater Mekong Subregion," Date <https://greatermekong.org/>.

¹⁶¹ Mekong River Commission, "About MRC," Date <http://www.mrcmekong.org/about-mrc/>.

Cambodia–Laos–Vietnam (CLV) Development Triangle: The CLV triangle was initiated by the Prime Minister of Cambodia, Hun Sen during the First Summit of Cambodian, Lao and Vietnamese Prime Ministers in Vientiane in 1999. The cooperation focuses on transport, energy, trade, investment and training to promote socioeconomic development, hunger and poverty reduction and to contribute to the sustainable development of the three countries.¹⁶²

Ayeyarwady–Chao Phraya–Mekong Economic Cooperation Strategy (ACMECS): ACMECS is the framework for economic cooperation between Cambodia, Laos, Myanmar, Thailand and Vietnam, which was established in 2003. ACMECS has eight areas of cooperation, including trade and investment, agriculture, industry, energy, transport tourism, human resources, healthcare and the environment.¹⁶³

Cooperation between Cambodia–Laos–Myanmar–Vietnam (CLMV): The CLMV cooperation is based on the idea of narrowing the development gap between CLMV and other countries in the region, which facilitates their integration into the region's development. The first summit was held in Vientiane in November 2004. CLMV cooperation includes trade, investment, agriculture, industry, energy, transport, tourism and human resources development.¹⁶⁴

Lancang–Mekong River Cooperation (LMC): In November 2014, Premier Li Keqiang proposed to establish the LMC and received positive responses from all countries along the Mekong River. The cooperation follows the '3 + 5'

¹⁶² Vannarith Chheang, "The Cambodia-Laos-vietnam Development Triangle Area," *Perspective* 30, no. 2018 (2018).

¹⁶³ ACMECS, "About ACMECS," Date <http://www.mfa.go.th/acmeecs/en/home>.

¹⁶⁴ The World and Vietnam Report, "ACMECS, CLMV cooperation promotes integration and development in Mekong basin," Date <http://tgvn.com.vn/acmeecs-clmv-cooperation-promotes-integration-and-development-in-mekong-basin-72790.html>.

mechanism of cooperation, which refers to three cooperation pillars—political and security issues, economic and sustainable development, and cultural and people-to-people exchanges—and five key priority areas—connectivity, production capacity, cross-border economic cooperation, water resources, agriculture and poverty reduction. Additionally, the members have agreed to enhance cooperation in water resources management and utilisation.¹⁶⁵

Table 3.1 Lists the mechanisms in which five Southeast Asian countries are participating:

Table 3.1: Multilateral cooperative mechanisms in the GMS

Country	Participation in mechanism
Cambodia	GMS, MRC, CLV, ACMECS, CLMV, MLC, AMBDC, MGC, LMI, JMC, MKC, Mekong–Switzerland, Australia’s ASEAN and Mekong Program
Laos	GMS, MRC, CLV, ACMECS, CLMV, MLC, AMBDC, MGC, LMI, JMC, MKC, Mekong–Switzerland, Australia’s ASEAN and Mekong Program
Myanmar	GMS, ACMECS, CLMV, MLC, AMBDC, MGC, LMI, JMC, MKC, Mekong–Switzerland, Australia’s ASEAN and Mekong Program
Thailand	GMS, MRC, ACMECS, MLC, AMBDC, MGC, LMI, JMC, MKC, Australia’s ASEAN and Mekong Program
Vietnam	GMS, MRC, CLV, ACMECS, CLMV, MLC, AMBDC, MGC, LMI, JMC, MKC, Mekong–Switzerland, Australia’s ASEAN and Mekong Program

Source: Author

¹⁶⁵ Lancang-Mekong Cooperation, "About LMC," http://www.lmcchina.org/eng/gylmhz_1/.

Cooperative mechanisms with partner countries outside the region

ASEAN–Mekong Basin Development Cooperation (AMBDC): In 1996, as a part of ASEAN's commitment to the development of the Mekong Region, the AMBDC was established.¹⁶⁶ The AMBDC focuses on the development of infrastructure and human capital in the subregion. Moreover, through the AMBDC, ASEAN in partnership with China, attempts to promote equitable growth in the Mekong Region by enabling 'sharing of the resource base between ASEAN member countries and Mekong riparian countries and with China.'¹⁶⁷ The ministers agreed on the basic framework of AMBDC, in which six principles of cooperation were adopted: i) being supportive of and complementary to national development plans; ii) resulting in direct benefits to people in the region; iii) ensuring stable and sustainable development; iv) complementing other donors and agencies; v) encouraging participation of the private sectors; and vi) opening cooperation to other interested countries and partners.¹⁶⁸

The centrepiece of this effort is the creation of a railway connecting from Kunming in Yunnan down to Singapore—known as the Pan-Asian Railway Network or the Singapore–Kunming Rail Link—to provide an alternative mode of land transportation between Mekong riparian and non-riparian states. The railway will link Singapore, Malaysia, Thailand, Cambodia, Vietnam and southern China. However, there has been limited progress due to administrative and financial constraints. Currently, there are twenty projects that cover eight

¹⁶⁶ ASEAN, "Overview," Date <https://asean.org/asean-economic-community/asean-mekong-basin-development-cooperation-ambdc/overview/>.

¹⁶⁷ "ASEAN Mekong Basin Development Cooperation ", Date <http://asean.org/asean-economic-community/asean-mekong-basin-development-cooperation-ambdc/overview/>

¹⁶⁸ "Basic Framework of ASEAN- Mekong Basin Development Cooperation, Kuala Lumpur, 17 June 1996," <http://www.asean.org/wp-content/uploads/images/2012/Economic/AMBDC/Basic%20Framework%20of%20ASEAN-%20Mekong%20Basin%20Development%20Cooperation.pdf>.

areas, including infrastructure, trade and investment, agriculture, forestry and minerals, industry, tourism, human resource development and science and technology, with a cost of USD 338.8 million.¹⁶⁹

To ASEAN, the AMBDC is an important framework to enhance and sustain the growth of the Mekong Region and to provide a policy dialogue for ASEAN and China to assist the subregion develop and reduce poverty. This ASEAN initiative is to encourage its dialogue partners and international organisations to make substantial commitments to the development of its member states, which will lead to the international recognition of this subregion as a growth area.¹⁷⁰

However, cooperation has made very slow progress.¹⁷¹ The AMBDC was established in 1996, when Vietnam had just joined ASEAN in 1995, and Cambodia, Laos and Myanmar were not yet ASEAN members. Therefore, the cooperation was established to promote economic integration among ASEAN members and non-members in an effort to realise the ASEAN economic community by 2015. However, when the Initiative for ASEAN Integration was adopted in 2000, it became the main mechanism to address the development gap among ASEAN members. Further, the establishment of the ASEAN economic community in 2015 was a milestone that the AMBDC had partially accomplished its mission. Therefore, a slowdown in progress was understandable.

Mekong–Ganga cooperation (MGC): India's 'Look East' policy has emerged as an important dimension of India's foreign policy during the post-Cold War

¹⁶⁹ "The 16th Ministerial Meeting of the ASEAN-Mekong Basin Development Cooperation-Joint Media Statement," news release, 28 August 2014, <http://asean.org/storage/2016/11/11-JMS-16th-AMBDC-Ministerial-Meeting-final.pdf>.

¹⁷⁰ Rodolfo C. Severino, "The ASEAN Developmental Divide and the Initiative for ASEAN Integration," *ASEAN Economic Bulletin* 24, no. 1 (2007).

¹⁷¹ Yoshimatsu, "The Mekong region, regional integration, and political rivalry among ASEAN, China and Japan".

period. The essence of the Look East policy is for India to better engage with East and Southeast Asia for the sake of India's future and its economic interests due to the fact that India had not previously paid sufficient attention to this region.¹⁷² Therefore, India has attempted to forge closer and deeper economic integration with its eastern neighbours, initially with ASEAN countries. The Mekong–Ganga Initiative is one of the outcomes of these endeavours.

The MGC was launched with the Vientiane Declaration in November 2000.¹⁷³ India and five Mekong countries, including Thailand, Vietnam, Laos, Cambodia and Myanmar decided to join the cooperation to boost solidarity, harmony and cooperation in the fields of education, culture, tourism, transport and communications. Since Ganga and Mekong are regarded as two of the greatest rivers in Asia, the idea behind this cooperation is to link two civilisations. To this cooperation, cultural issues are important to prosperous societies, which is why culture is also a focus, along with transportation, infrastructure and energy security. For example, to restore the cultural and traditional textile affinities of the South and Southeast Asian region, an MGC Museum of Asian Textiles was established in Siem Reap, Cambodia in 2014.

MGC has witnessed eight ministerial meetings since its establishment. After seventeen years of operation, MGC has expanded to the fields of trade, tourism, development, movement of people and goods. In particular, cooperation now concentrates on promoting connectivity, including physical and digital connectivity, people-to-people connectivity as building connectivity is a priority for India and ASEAN countries. At the sixth MGC Ministerial Meeting, India pledged to continue contributing USD one million per year to the MGC Quick

¹⁷² Rajiv Sikri, "India's "Look East" Policy," *Asia-Pacific Review* 16, no. 1 (2009).

¹⁷³ ASEAN India, "About Mekong-Ganga Cooperation (MGC)," Date <https://mea.gov.in/aseanindia/about-mgc.htm>.

Impact Projects Fund for the four Mekong nations that support physical and digital connectivity between India and ASEAN.¹⁷⁴ Moreover, India has announced an INR five billion Project Development Fund to develop manufacturing hubs in CLMV.¹⁷⁵

MGC cooperation has not met expectations due to a lack of leadership and resources. Thailand and India are the two major players in cooperation, but Thailand has given greater priority to the ACMECS since 2003.

Japan–Mekong Cooperation (JMC): The Mekong Subregion is an important area for Japanese diplomacy. Since the early 1990s, the Japanese government has launched several initiatives to support the development of the region. The most successful cooperation is the GMS Program, under the auspices of the ADB. To make its presence in the Mekong Region more evident, the Japanese government intensified its activities in the region in a ‘more straightforward way’.¹⁷⁶ For example, Japan proposed the Japan–Mekong Region Partnership Program at the third Japan–CLV in November 2007.¹⁷⁷ The first foreign ministers’ meeting between Japan and Mekong countries under this framework was held in 2008 and the first Japan–Mekong summit was held the following year. The three

¹⁷⁴ Huong Giang, "Mekong countries beef up ties with RoK, India," Date, Vietnambreakingnews.com, <https://www.vietnambreakingnews.com/2016/07/mekong-countries-beef-up-ties-with-rok-india/>.

¹⁷⁵ ASEAN-India Centre at RIS, *Mekong-Ganga Cooperation: Breaking Barriers and Scaling New Heights* (New Dehli, India: Research and Information System for Developing Countries & ASEAN-India Center at RIS, 2017), 66.

¹⁷⁶ Yoshimatsu, "The Mekong region, regional integration, and political rivalry among ASEAN, China and Japan ".

¹⁷⁷ In 2004, Japanese Prime Minister Koizumi Junichiro held the first summit meeting with his counterparts from Cambodia, Laos and Vietnam to discuss cooperative possibilities. During the third summit in 2007, these discussions were turned into reality with the Japan–Mekong Regional Partnership Program. See Ministry of Foreign Affairs of Japan, "Together toward the future, Mekong and Japan " (Ministry of Foreign Affairs 2009).

priority areas of the program are: the promotion of integration and linkages of regional economies, the expansion of trade and investment between Japan and the Mekong Region and the sharing of values and engagement in common problems in the region.¹⁷⁸

In an effort to set up a formal institution with the Mekong countries, Japan adopted the Tokyo Strategy 2015, which has four pillars: infrastructure and connectivity, human resources development, sustainable development and coordination with various stakeholders. Moreover, Japan committed to grant JPY 750 billion (USD 6.1 billion) in official development assistance to Mekong countries over the following three years.¹⁷⁹ This action demonstrated the significance of the subregion to Japan and can be considered as ‘a part of a bid for influence’ due to the rise of China.¹⁸⁰

Lower Mekong Initiative (LMI): The US has been interested in the Mekong Region since the 1950s. To some extent, the US utilised the Mekong Region to halt the spread of communist influence. Under the Eisenhower administration, the Mekong Region was considered to be ‘a nucleus for regional and mutual aid’ to ‘promote increased cooperation in the area and to deny the general area of the MRB to Communist influence or domination.’¹⁸¹ Moreover, the US wanted to

¹⁷⁸ *ibid.*

¹⁷⁹ VOV, "Tokyo Strategy 2015 adopted at Mekong - Japan Summit," Date, Vietnamnet, <http://english.vietnamnet.vn/fms/government/135070/tokyo-strategy-2015-adopted-at-mekong-japan-summit.html>.

¹⁸⁰ Prashanth Parameswaran, "The real importance of Japan's New Strategy for the Mekong ", Date, The Diplomat <http://thediplomat.com/2015/07/the-real-importance-of-japans-new-strategy-for-the-mekong/>.

¹⁸¹ Nguyen, *The Mekong River and the struggle for Indochina* 84.

bring the miracle of the Tennessee Valley Authority (TVA) to the Mekong Region.¹⁸²

However, US interest in the region was lost when it became engulfed in the Vietnam War and communist regimes were established in Indochina in 1975. After more than two decades, the US regained its interest in Mekong developments when US Secretary of State, Hillary Clinton joined a series of ASEAN-related meetings in Phuket, Thailand in July 2009. During this occasion, Clinton delivered the same message, 'The United States is back' in every step she took.¹⁸³ As an action to express her determination, On 23 July 2009, Clinton chaired a meeting with her four counterparts from Cambodia, Laos, Thailand and Vietnam, which marked the first gathering of a new cooperative framework to address the region's concerns.¹⁸⁴ The LMI was created as a response to the support from the four ministers of the Lower Mekong countries. The ministers agreed to enhance cooperation in the areas of environment, health, education and infrastructure development. Cooperation was developed on the premise of common interests.¹⁸⁵ Myanmar formally joined the initiative in July 2012.

¹⁸² TVA is a federally owned company in the US, which was established by congressional charter on 18 May 1933 to address the most important issues in energy, environment stewardship and economic development in the Tennessee River basin. The TVA pledged to provide flood control, navigation and electricity for the region. The TVA was launched during severe crisis but gained great success. Therefore, it gradually became 'a symbol of successful regionalism founded on the development of a river's hydraulic resources'. See *ibid.*, 78-79. Tennessee Valley Authority, "Our History", Date <https://www.tva.gov/About-TVA/Our-History..>

¹⁸³ Mark Landler, "Asia trip propels Clinton back into limelight", Date <http://www.nytimes.com/2009/07/25/world/asia/25diplo.html?mcubz=0..>

¹⁸⁴ Yu Wanli, "America's "Return to Asia": Both a challenge and an opportunity for China" in *A Pacific Nation: Perspectives on the US role in an East Asia Community* ed. Mark Borthwick and Tadashi Yamamoto (Tokyo, New York Japan Center for International Exchange 2011).

¹⁸⁵ US Department of States, "Lower Mekong Initiative," <https://www.state.gov/p/eap/mekong/>

Under the LMI, the US began to provide support for the Mekong countries. Moreover, the US strengthened its support for the MRC. In the early days, the US targeted activities that embraced their ideals, such as governance, sustainability and human security.¹⁸⁶ After 2013, the US began working more closely with ASEAN to introduce infrastructure development policies for the Mekong Region.

The LMI is structured into six pillars and each pillar is co-chaired between a Lower Mekong country and the US. The six pillars include environment and water, health, agriculture, connectivity, education and energy security.¹⁸⁷ Significantly, the US assists the Mekong Subregion to improve the management of transboundary water resources through a ‘sister-river’ agreement. The memorandum of understanding for a ‘sister-river’ partnership between the MRC and the Mississippi River Commission is built upon common interests in water resource development and management with the view to share technical expertise, best practices and lessons learned in the area of water resource management, hydropower impact assessments, food security, climate change adaptation, flood and drought management.¹⁸⁸

A signature initiative under the framework of LMI is Friends of the Lower Mekong (FLM), which was established to promote cooperation and coordination with donors, international financial institutions and multilateral organisations.

¹⁸⁶ Hidetaka Yoshimatsu, "The United States, China, and Geopolitics in the Mekong Region," *Asian Affairs: An American Review* 42, no. 4 (2015).

¹⁸⁷ The Environment and Water pillar is co-chaired by Vietnam and the US, Health by Cambodia and the US, Agriculture by Myanmar and the US, Connectivity by Laos and the US, Education by Thailand and the US and Energy Security by Thailand and the US. See Lower Mekong Initiative, "Overview," Date <http://lowermekong.org/about/lower-mekong-initiative-lmi>.

¹⁸⁸ U.S. Department of State, "Joint Statement of the Second U.S.-Lower Mekong Ministerial Meeting," <https://2009-2017.state.gov/r/pa/prs/ps/2010/07/145066.htm>

The FLM is a practical platform and mechanism to encourage donors to work closer to increase efficiency and to avoid redundancy and overlapping activities. Participating FLM members include Australia, Japan, South Korea, New Zealand, the EU, the ADB and WB.¹⁸⁹

Mekong–Korea Comprehensive Partnership (MKC): Bilateral cooperation between Korea and the Mekong countries has remarkably increased since the Korea–ASEAN Free Trade Agreement in 2007. However, the multilateral partnership with Mekong Region was only set up in October 2011, when Korea announced its intention to become involved in the development of the Mekong Region in the first Korea–Mekong foreign ministers’ meeting. Korea pledged to engage with the Mekong Subregion in six major areas under the theme of ‘Han River Declaration of the Mekong – Republic of Korea Comprehensive Partnership for Mutual Prosperity’, with an emphasis on connectivity, sustainable development and people-oriented development.¹⁹⁰

Additionally, the basic strategy of this cooperation was to encourage the involvement of the private sector in various projects. The aim is to create public–private partnerships along with cooperation to ensure sustainable development. The first Mekong–Korea Plan of Action (2014–2017) identified six priority areas: infrastructure, information technology, green growth, water resources

¹⁸⁹ US Aid, "Lower Mekong Initiative - Friends of Lower Mekong," <https://www.usaid.gov/sites/default/files/documents/1861/FLM%20Factsheet%20June%202013.pdf>.

¹⁹⁰ Taeyoob Kim et al., "Korea's Development Cooperation with the Mekong Region " *World Economy Update* 3, no. 40 (2013).

development, agriculture, and rural development and human resources development.¹⁹¹

The seventh Mekong–Korea foreign ministers’ meeting adopted the second Mekong–Korea Plan of Action (2017–2020), which outlined the long-term vision and projects until 2020 on 1 September 2017. In the opening remarks of the meeting, Korean Foreign Minister, Kang Kyung-wha said that her government was ‘fully committed to supporting the revival of the miracle of the Han River in the Mekong River and to reinvent the Mekong Region into a new engine of growth not only for East Asia but also for the global economy’.¹⁹² This Korea–Mekong foreign ministers’ meeting was part of Korean efforts to level up South Korea–ASEAN relations, intensify cooperation with the Mekong River countries and diversify South Korea’s diplomatic horizons.¹⁹³

In brief, there are at least six external countries that have shown interest in this region. Table 3.2 below presents the countries outside the Mekong Region that are involved in the region’s development.

Table 3.2: External powers involved in the Mekong development

Country	Multilateral mechanism
India	MGC
Japan	GMS, JMC
South Korea	MKC
US	LMI

¹⁹¹ Chheang Vannarith, "Mekong Region: Asia's New Growth Center and Strategic Frontier," *Mekong Eye* (January 7, 2016), <https://www.mekongeye.com/2016/01/07/mekong-region-asias-new-growth-center-and-strategic-frontier/>.

¹⁹² Yonhap, "Korea, 5 Mekong nations to agree to widen cooperation ", *The Korea Herald*, <http://www.koreaherald.com/view.php?ud=20170901000721>.

¹⁹³ Ibid.

Switzerland	Mekong–Switzerland Cooperation
Australia	Australia’s ASEAN and Mekong Program

Source: Author

Too many cooks spoil the broth

Multilayered and multi-sectoral cooperative mechanisms have become an integral component in the process of regional integration and connectivity. Cooperation brings not only economic gains but also political advantages to the Mekong Subregion. Through these mechanisms, particularly those with outside partners, the Mekong riparian states have significantly more resources to improve infrastructure, transport connectivity and people’s livelihoods.

Since a majority of countries in the Mekong Subregion have limited capacity and often lack resources to develop their economies, it is quite common that they rely on external support. Moreover, the capacity to implement and manage projects is relatively low and ineffective. Therefore, most of the cooperative schemes focus on investment, trade, transport and human resources development. The cooperative mechanisms also play a role as a mobiliser of capital through which other donors and development partners finance projects and turn the subregion into an attractive investment destination. For example, after twenty-five years of operation, more than USD 21 billion was raised for GMS projects in many fields, including construction and the upgrade of many airports, 80 bridges, 10,000 km of roads, 500 km of railways and 3,000 km of electricity transmission lines.¹⁹⁴ Additionally, Japan committed JPY 750 billion (USD 6.1 billion) in official

¹⁹⁴ GMS Secretariat, "Greater Mekong Subregion (GMS): Twenty-five years of successful cooperation," (2018).

development assistance grants to Mekong countries over three years.¹⁹⁵ In sum, these mechanisms were designed to generate collective strength from inside the region and utilise external resources to promote the GMS as a well-connected transportation hub, which serves economic development and cooperation.

Connectivity projects aim to connect the subregion not only within and between the Mekong countries internally, but also with various economic centres of the wider Asia–Pacific region. However, as an old saying goes, ‘too many cooks spoil the broth’. These frameworks often overlap with each other in terms of mandate, purpose and activities. Most of the initiatives concentrate on priority sectors, including agriculture (e.g., GMS, ACMES, CLMV and MLC), trade (e.g., GMS, CLV, ACMES, CLMV and MGC), energy (e.g., GMS, CLV, ACMES, CLMV and MGC) and transportation and connectivity (e.g., GMS, CLV, ACMES, CLMV, MLC, MGC, JMC and MKC).

See Table 3.3 for an overview of the main schemes in the Mekong Subregion:

Table 3.3: Main areas of cooperation of schemes in the GMS

Areas of cooperation	Multilateral mechanism
Agriculture	GMS, ACMECS, MLC
Culture	MGC, MLC
Education	LMI
Energy	GMS, CLV, ACMECS, MGC
Environment	GMS, ACMECS, LMI
Health	ACMECS, LMI
Human resources	GMS, CLV, ACMECS, JMC

¹⁹⁵ VOV, "Tokyo Strategy 2015 adopted at Mekong - Japan Summit".

Industry	ACMECS
Infrastructure	GMS, MGC, JMC, LMI
Investment	GMS, CLV, ACMECS, JMC
Telecommunication	GMS, MLC, MGC
Transportation	GMS, CLV, ACMECS, MLC, MGC
Tourism	GMS, ACMECS, MGC
Trade	GMS, CLV, ACMECS, MGC, JMC
Water and related resources management	MRC, MLC, LMI

Source: Author

However, there is no coordination among the mechanisms and there is no clear political will and leadership in the promotion of policy coordination between these mechanisms. Moreover, some mechanisms exist but they are inactive. Conversely, existing mechanisms play a role in promoting diplomatic and confidence-building measures to boost security cooperation. According to neo-functional theory, cooperation that begins from the economic domain is able to engender trust and interdependence among countries, which can eventually spill-over into the political realm, both in traditional and non-traditional security issues.¹⁹⁶ Ball contended that ‘the Mekong area offers a case study of the proposition that the institutionalisation of cooperation in certain important areas, such as economic development, infrastructure projects and environmental

¹⁹⁶ Haas, "The uniting of Europe political, social, and economic forces, 1950-1957."; Ben Rosamond, "The uniting of Europe and the foundation of EU studies: Revisiting the neofunctionalism of Ernst B. Haas," *Journal of European Public Policy* 12, no. 2 (2005); Philippe C. Schmitter, "Ernst B. Haas and the legacy of neofunctionalism," *ibid.*

management programs, will contribute (if not lead) to the promotion of security cooperation'.¹⁹⁷

However, the current mechanisms are not robust enough to have a substantial effect on other areas besides economic cooperation. This can be explained mainly by two factors. First, the initiators of mechanisms had their own agendas and implications when they participated in the region. The push for regional cooperation partly lies in the political dynamics of external powers that pursue their interests. Second, these projects associated with water and resource management are weak at binding states together.

The membership of Mekong riparian states in the thirteen regional cooperative mechanisms demonstrates a commitment to the process of regionalisation in Southeast Asia. Additionally, these schemes grant the states considerable resources in the process of socioeconomic development, which can increase the legitimacy of the regimes and stability of the countries. Nevertheless, the content of the cooperative mechanisms overlaps and lacks collaboration and cooperation by the states concerned. Since states have either direct or indirect interests in the region, investment has been scattered and failed to generate greater effects. Moreover, the informal approach has gradually revealed its weakness because it is difficult to reach compromise among members. As a result, although there are many regional cooperative mechanisms in the Mekong Region, the results are still limited.

Conclusion

The transboundary Mekong River not only provides abundant natural resources but is also a foundation for regional cooperation, which was initiated in the late

¹⁹⁷ Desmond Ball, "Security developments and prospects for cooperation in the Asia-Pacific region, with particular reference to the Mekong River Basin," (Canberra : Strategic and Defence Studies Centre, Australian National University, 1999).

nineteenth century but failed to succeed until the late twentieth century due to wars and conflicts in the region. Towards the end of the twentieth century, states in the Mekong Subregion sought deeper political and economic engagement and integration. Plans to develop the Mekong Subregion, first proposed in the 1950s, were revived and given new support by ASEAN's major dialogue partners, Australia, India, Japan, South Korea and the US, and multilateral development agencies such as the ADB and WB.

The involvement of ASEAN's dialogue partners led to the establishment of multiple schemes for regional cooperation to assist economic growth, sustainable development and improved living standards. There are thirteen multilateral cooperative mechanisms in the GMS, although some of these are inactive. In principle, these initiatives were designed to support Mekong countries to reduce poverty through infrastructure development, agriculture, human resources, energy and water resources management. Economic cooperation is expected to spill-over into other fields. However, too many schemes with little progress have made regional cooperation less desirable.

The next chapter examines one of the most successful cooperative mechanisms in the Mekong Subregion, the Greater Mekong Subregion Cooperation Program. The chapter 4 focuses on explaining why the GMS was well-received by its members by examining its rationale and operation principles and mechanism.

Chapter 4: The GMS Program - a milestone in regional cooperation

The GMS stands as a powerful international symbol for cooperation among former Cold War adversaries, particularly with respect to relations between Vietnam and China and Thailand and Vietnam (Dosch 2007:128).

Introduction

The Cold War divisions on mainland Southeast eventually dissipated by the early 1990s. The Mekong Region opened a new chapter in which recent conflicts gave way to cooperation. The collapse of the Soviet Union, together with the end of the US embargo on Vietnam, and the need for economic revitalisation following prolonged war, created the conditions for the Mekong countries to engage with each other. In the GMS, the Mekong River physically connects the six countries along its course and served as a unifying feature for countries to cooperate in the new era. Remarkably, the inception of the GMS Program brought new hope for the region and for the riparian states in the sense that this regional mechanism would catalyse the growth and integration of the GMS.

According to Warleigh-Lack (2008), analysing the rationale for grouping at the beginning, working mechanisms, areas and involved actors is important to understand the process of regional integration. Therefore, this chapter analyses genesis and functionality of the GMS to lay a foundation for the next chapters. The focus of the GMS Program at the beginning phase was mainly on the facilitation of economic growth, poverty reduction and improvement of standard of living in the Mekong Region through trade and investment.¹⁹⁸ However, it also manages environmental and energy securities. While the role of the GMS

¹⁹⁸ ADB, "Greater Mekong Subregion: Twenty Years of Partnership," (Manila: Asian Development Bank, 2012).

Program is vague in altering or shaping subregional peace and stability, it cannot be denied that the GMS Program, via a wide range of cooperative efforts, has substantially contributed to the fostering of trust, peace, stability and prosperity for the GMS.¹⁹⁹ The joint statement from the first GMS summit in November 2002 claimed, 'Our most important achievement has been the growing trust and confidence among our countries, which has provided a favourable environment for trade and investment, economic growth and social well-being'.²⁰⁰

The objective of this chapter is to provide a comprehensive overview of the GMS Program to serve as a framework for an analysis of this regional scheme. Further, the chapter emphasises on the significance of the GMS Program in promoting regional cooperation via different initiatives. Particularly, the role of central governments and regional schemes were crucial in this process. Regionalisation might not have occurred without the push from the central governments and adequate incentives from the ADB-backed GMS Program.

This chapter includes four sections. The first section discusses the rationale of the GMS Program, its significance to the development of integration of the GMS countries and examine the circumstances of each GMS member state at the time when they joined the GMS Program. The second section discusses the GMS institutional arrangements to elucidate how the program has been able to build a reputation as a flexible, results-oriented, project-delivering vehicle for the promotion of regional cooperation and contribution to economic growth and

¹⁹⁹ "Ministers Endorse New Environment Agenda for the Greater Mekong Subregion," Asian Development Bank, <https://www.adb.org/news/ministers-endorse-new-environment-agenda-greater-mekong-subregion>; Economic and Social Commission for Asia and the Pacific, "Regional Cooperation: Conceptual Framework and Asia-Pacific experience," in *Meeting the Challenges in an Era of Globalization by Strengthening Regional Development Cooperation* (New York: United Nations, 2004).

²⁰⁰ 1st GMS Summit of Leaders, "Joint Summit Declaration: 1st GMS Summit of Leaders," (Phnom Penh: Cambodia: Asian Development Bank, 2002).

poverty reduction as well as the provision of regional public goods. Next, the third section describes nine sectors that the GMS members have concentrated on for more than two decades. Further, the section discusses the economic corridor initiative, which is considered to be a highlight of the GMS Program, to help understand the rationale behind the GMS-ECTD, which is examined in later chapters. Finally, the fourth section considers the limitations of the GMS Program.

The GMS Program – a well-timed mechanism for regional cooperation

In 1992, with assistance from the ADB, the six Mekong countries began the GMS Program, which was designed to enhance economic relations among the Mekong countries. The GMS is a natural economic area that is bound together by the Mekong River, which covers 2.6 million square km and a combined population of around 326 million.²⁰¹

GMS is an interesting term, which was coined by the ADB. ‘Subregion’ refers to a part of the Asia–Pacific region that includes Cambodia, Laos, Myanmar, Thailand and a small part of China (i.e. Yunnan province and Guangxi Zhuang Autonomous Region).²⁰² The subregion was expected to be a centre of development in mainland Southeast Asia and may have a spill-over effect on the Southeast Asian region and China. Moreover, ‘greater’ implies the inclusion of both upstream countries, China and Myanmar.

The GMS is a region that includes five Mekong riparian states as well as China’s Yunnan province and Guangxi Zhuang Autonomous Region.²⁰³ The GMS

²⁰¹ ADB, "Overview of the Greater Mekong Subregion".

²⁰² Institute of Southeast Asian Studies, *Assessing China's impact on poverty in the Greater Mekong subregion* (Singapore Institute of Southeast Asian Studies, 2013).

²⁰³ ADB, "Greater Mekong Subregion: Twenty Years of Partnership."

Program was initiated in the context of a changing regional environment. In the early-1990s, the countries in the subregion recognised the need to reform their economies to enhance competitive capacity and seek opportunities to integrate into the global market. With the exception of Thailand whose economy was market-based, the other Mekong countries adopted different approaches to implement economic reforms with the view to improve the living standards of their people. The ADB understood that closer economic ties within the subregion would help countries to transition to market-oriented economies. Moreover, increasing intra-regional trade and cooperation enabled the subregion to participate in international markets. However, trust-building measures were essential to encourage dialogue in the region, which was immersed in war and conflict. Kegley and Raymond contends that different states will be hesitant to agree to cooperative agreements in the absence of trust.²⁰⁴ The development of trust between states entails a compatibility of values that does not conflict with the political and ideational survival of the other state and to which interaction takes place.²⁰⁵ Therefore, the existence of trust is central to the process of GMS cooperation.

The ADB-supported GMS Program, built on the shared histories and cultures of the Mekong riparian countries and transnational complementary activities, was launched as a response to the needs of the region. First, the program provides a forum to engender trust and confidence among the Mekong riparian states to pave the way for further cooperation. Second, regional cooperation aims to reduce economic gaps partly through the involvement of peripheral and less-developed

²⁰⁴ Charles W. Kegley, *When trust breaks down : alliance norms and world politics*, ed. Gregory A. Raymond (Columbia, S.C.: University of South Carolina Press, 1989).

²⁰⁵ Christopher B. Roberts, *ASEAN Regionalism: Cooperation, values and institutionalisation* (London and New York: Routledge, 2012), 23.

areas to facilitate investment and trade.²⁰⁶ The rationale of cooperation in the GMS is that it would lead to greater economic interaction among participants and improve the subregional competitive position in the world economy.

The effort of the ADB was a milestone in regional development because this enabled the regrouping of the five peninsular nations into the ASEAN and the opening of Chinese borders.²⁰⁷ The GMS Program helped all Mekong riparian countries to unite for the first time under the umbrella of a regional framework.²⁰⁸ It might be argued that only Yunnan province and Guangxi Zhuang Autonomous Region joined the GMS, so the GMS Program might not do anything more than the other existing organisations. However, China has participated in the GMS Program both at the central and local levels. The Premier of the State Council was the central level representative who participated in the GMS leaders' summits.

Apart from the fact that the GMS Program includes all six countries along the Mekong River, it can be argued that the GMS is one of the most successful cooperative schemes in the Mekong Subregion thanks to three main factors: right time, right focus and right approach.

First, peace finally existed in the Mekong Region after many years, which meant that all six GMS countries could coordinate investment and joint development. Peace also meant that it was time for the Mekong riparian countries to reach outward to integrate into regional and international markets. The need for

²⁰⁶ Ratner, "The Politics of Regional Governance in the Mekong River Basin."

²⁰⁷ Li Chenyang and He Shengda, "China's participation in the GMS Cooperation: Progress and Challenges," in *China-Asian sub-regional cooperation : progress, problems and prospect*, ed. Li Mingjiang and Chong Guan Kwa (Singapore: World Scientific, 2011).

²⁰⁸ Christian Taillard, Sirivanh Khonthapane, and Nathalie Fau, *Transnational dynamics in Southeast Asia : the Greater Mekong subregion and Malacca Straits economic corridors* (Institute of Southeast Asian Studies, 2013).

development and integration was more important than ever. Capital required for the transition process was tremendous and the subregion suffered from a severe lack of internal capital after many years of war and conflict. Therefore, capital was partly expected to come from outside sources. In this context, the ADB-supported program, the GMS, came into existence as a catalyst to encourage dialogue among states and to finance and mobilise capital to assist its participants. The timely GMS Program aimed to promote development and trade, which was heartily welcomed by all six countries.

Second, during August and September 1992, an ADB study team visited each country to conduct initial surveys to identify potential areas for cooperation and concluded that inadequate infrastructure was a major impediment to trade and cooperation.²⁰⁹ Most government representatives emphasised the deficiencies in transportation infrastructure during the consultation period. Improved infrastructure was viewed by all participants as a precondition for increased flow of goods and services and the facilitation of the participation of the private sector.²¹⁰ Consequently, the first conference held at the bank's headquarters in Manila on 21–22 October 1992 identified infrastructure development as a priority area for cooperation.²¹¹ Further, donor countries and multilateral organisations such as the WB, IMF and UNDP under the ADB's coordination provided a wide variety of resources to assist countries in the subregion to implement economic reforms and create a favourable business environment. The GMS has made itself an essential cooperation program in the transition of

²⁰⁹ ADB, "Review of Configuration Of The Greater Mekong Subregion Economic Corridors," (Phillipines: Asian Development Bank).

²¹⁰ "Subregional Economic Cooperation- Initial possibilities for Cambodia, Lao PDR, Myanmar, Thailand, Vietnam and Yunna Provice of the People's Republic of China."

²¹¹ "Greater Mekong Subregion: Twenty Years of Partnership."

participants' economies.²¹² The GMS Program helped to strengthen both domestic capacity and subregional ties in the process of development and integration of the subregion. In short, the GMS program identified that improved infrastructure was a key to joint development, which was what the countries in the subregion required for their development and integration.

Finally, individual country circumstances were considered when potential areas for enhanced cooperation were identified.²¹³ During the consultation phase, the study team discussed with the participating countries how the subregional initiative could be consistent with national priorities. In this vein, the overall economic cooperation among the six countries would increase alignment with national priorities. The logic of this subregional economic cooperation was based on self-interest. The results of cooperation should be seen as serving national priorities and interests, which contributed to the sustainable cooperation.²¹⁴

Moreover, the GMS operation adopted the 'six minus X' decision-making principle, which meant that it was not necessary to have consensus from all members.²¹⁵ A combination of countries could proceed on projects, with others joining when appropriate. This rule was suitable for countries in the subregion that were at different stages of development and allowed for sufficient flexibility in cooperation. In principle, the GMS promoted both bilateral and multilateral cooperation, which was able to assist countries to work together more effectively.

²¹² Ibid.

²¹³ Ratner, "The Politics of Regional Governance in the Mekong River Basin."; Filologo Pante Ricardo M. Tan, Jr. and George Abonyi "Economic Co-operation in the Greater Mekong Subregion," in *Regional Co-operation and Integration in Asia*, ed. Kiichiro Fukasaku (France: OECD, 1995).

²¹⁴ Abonyi and Jr., "Economic Cooperation in the Greater Mekong Subregion: The Challenges of Resource Mobilization."

²¹⁵ Ratner, "The Politics of Regional Governance in the Mekong River Basin," 343.

This approach has proved to be effective in that national concerns were addressed, and a higher degree of cooperation was encouraged.

The last decade of the 20th century opened new opportunities for the Mekong countries to develop and integrate themselves into regional and global markets. Conflict had given way to peace and former centrally planned economies in the GMS had moved towards more open and market-based systems. Moreover, the collapse of the economies of former Soviet bloc forced these states to find new trading and investment partners both inside and outside the region. The ADB-supported initiative was an appropriate mechanism with the practical response that the Mekong Subregion needed.

GMS to address the needs of Mekong riparian countries in the post-Cold War era

In the past, economic interaction among the GMS countries was limited and mainly conducted on a bilateral basis. Political developments within and outside the subregion have opened up opportunities for broader and more comprehensive cooperation among the countries. The consultations before the official launch of the GMS Program revealed support from all Mekong countries for regional cooperation.²¹⁶ Although countries had different expectations of regional cooperation, each anticipated a stimulation in regional and international trade and investment. States, particularly those in economic transition from centrally planned to market-oriented economies, viewed regional cooperation as a way to open their economies to foreign investment and trade opportunities at different levels.²¹⁷

²¹⁶ ADB, "Subregional Economic Cooperation- Initial possibilities for Cambodia, Lao PDR, Myanmar, Thailand, Vietnam and Yunna Province of the People's Republic of China."

²¹⁷ Ricardo M. Tan, "Economic Co-operation in the Greater Mekong Subregion."

Because Laos is a small, landlocked country, Lao officials were enthusiastic about the proposed cooperation. The involvement of Laos in the GMS Cooperation would unlock Laos' disadvantageous location by enabling it to have access to the sea, financial as well as technical assistance.²¹⁸ Further, with most of its territory in the Mekong Basin, Laos' ambition was to become the 'battery of Southeast Asia' due to its hydropower potential.²¹⁹

However, exploitation of productivity depended on the demand from Thailand. Moreover, Laos was unable to finance infrastructure improvements for economic development, including hydropower. The GMS Program was an important platform for Laos to strengthen its ties with other countries, including Thailand, and helped Laos to mobilise different financial resources to improve infrastructure.²²⁰

In a similar vein, Myanmar viewed regional cooperation as a vehicle for regional and international investment to fuel its ailing economy, which was weakened by inflation during the 1990s. Through the GMS Program, Myanmar could pair with any country, such as Thailand, whose needed its resources in an exchange for foreign earnings. Further, the GMS Program provided a good foundation for Myanmar to join ASEAN in 1997, which was not an easy task for a country isolated from the international community. However, there was no clear

²¹⁸ Phuong Binh Nguyen, "Geopolitics and Development Cooperation in the Mekong region," in *The Mekong aranged and rearranged*, ed. Diokno Maria Serena I and Van Chinh Nguyen (Chiang Mai, Thailand: Mekong press, 2006), 72.

²¹⁹ Yoshimatsu, "The Mekong region, regional integration, and political rivalry among ASEAN, China and Japan ".; International River, "Laos," Date, International Rivers, <https://www.internationalrivers.org/campaigns/laos>. Jared Ferrie, "Laos turns to hydropower to be 'Asia's battery'," Date, The Christian Science Monitor, <https://www.csmonitor.com/World/Asia-Pacific/2010/0702/Laos-turns-to-hydropower-to-be-Asia-s-battery>.

²²⁰ Yoshimatsu, "The Mekong region, regional integration, and political rivalry among ASEAN, China and Japan ".

indication as to how Myanmar benefitted from GMS cooperation. Currently, Myanmar focuses on hydropower development and shipping cooperation with China.²²¹

It was also a critical time for Vietnam. Since traditional trading partners and markets could not be maintained following the collapse of Eastern Europe and the former Soviet Union, Vietnam was conscious of the need to diversify its trading partners and develop new markets.²²² Moreover, international changes pushed Vietnam to undertake structural reforms, which could not be done without regional and international assistance.

Additionally, economic development was an important factor in political stability; thus, this was an ideal time for Vietnam to resume bilateral and multilateral relationships, starting with GMS membership, to utilise external relations to boost the economy. Maintaining cordial relationships with upstream countries was crucial for economic activities in the Mekong Delta region, which accounts for half of Vietnam's rice and fish production because the activities of upstream countries, such as dam construction would affect water levels, quantity of silt and fisheries in the Mekong Delta.

Similarly, Cambodia was also dependent on the river system and contained the region's most productive freshwater fishery and principle source of protein for the country's rural population, Tonle Sap (Great Lake).²²³ Ratner argued that Cambodia was concerned about the activities of upstream countries.²²⁴

²²¹ Chen and Zhu, "The complexity of cooperative governance and optimization of institutional arrangements in the Greater Mekong Subregion."

²²² Adam Fforde and Stefan De Vylder, *From plan to market : the economic transition in Vietnam* (Boulder, Colo.: Westview Press, 1996).

²²³ Boer et al., *The Mekong: a socio-legal approach to river basin development*.

²²⁴ Ratner, "The Politics of Regional Governance in the Mekong River Basin."

Therefore, joining the GMS Program was a way to influence upstream countries from overexploitation of the river. Moreover, Cambodia wanted to consolidate its domestic and international standing through participation in the GMS Program. Cambodia also wanted to regulate unofficial trade at its border areas, so cross-border trade cooperation was one of the projects that Cambodia encouraged.²²⁵

China was among the major driving forces to propel the formation of the GMS Program. China's interests in the GMS stemmed from the intertwining of domestic and foreign policy.²²⁶ Chinese officials contended that the rich resources and potential of Yunnan province should benefit both China and the subregion; therefore, China hoped the GMS Program would realise the potential of its provinces and facilitate foreign investment and bring tourists to the area. In fact, Chinese leaders wanted to lay a stable foundation for developing its western landlocked provinces, such as Yunnan and narrowing the gap between this part with the other regions of the country.²²⁷

The western part of China is abundant in natural resources but is far from the global market. For example, the distance from Yunnan province to the sea at Laem Chabang in Thailand or the Gulf of Mataban in Myanmar is shorter than to the eastern coast of China.²²⁸ Yunnan could gain a shortcut to the sea via Hai Phong, Vietnam through the GMS project. Additionally, Yunnan could develop

²²⁵ ADB, "Subregional Economic Cooperation- Initial possibilities for Cambodia, Lao PDR, Myanmar, Thailand, Vietnam and Yunna Provice of the People's Republic of China," 52.

²²⁶ Tim Summers, "China and the Mekong Region," *China Perspectives*, no. 3 (2008).

²²⁷ Vu, "Between system maker and privileges taker: the role of China in the Greater Mekong Sub-region."; Truong-Minh Vu and Maximilian Mayer, "Hydropower infrastructure and regional order making in the Sub-Mekong region," *ibid.* 61, no. 1 (2018).

²²⁸ Krongkaew, "The development of the Greater Mekong Subregion (GMS): real promise or false hope?."

linkages with other Southeast Asian countries, first to strengthen ties with ASEAN countries and then to export hydropower to these countries as well as self-supply for growing industries in southwest and eastern China.²²⁹

Additionally, involvement in regional cooperation contributed to the restoration of mutual trust between China and its neighbours, which allowed China to avoid sensitive sovereignty issues and territorial disputes.²³⁰ Geopolitically, China wanted to use the GMS Program first to foster amicable relationships with ASEAN countries and then to limit the influence of China's rivals in the region. Internally, China empowered the local level in development and participation of a province in the subregional cooperation, which displayed congruence with the decentralisation of the National Plan.²³¹

In principle, countries in transition would benefit more from regional cooperation. Unlike its neighbours, Thailand did not rely on regional cooperation for its economic development, but did support the transformation of its neighbours. Importantly, participation in the regional development enabled Thailand to take a lead role in boosting regional collaboration.²³² Once the

²²⁹ Vu, "Between system maker and privileges taker: the role of China in the Greater Mekong Sub-region."

²³⁰ Joseph Y. S. Cheng, "China-ASEAN Economic Co-operation and the Role of Provinces," *Journal of Contemporary Asia* 43, no. 2 (2013).

²³¹ In consultations with the Chinese government, it was revealed that the central government authorised the provincial government to decide on projects costing less than 30 million yuan without seeking central approval. Therefore, Yunnan province was given a free hand to participate in the cooperation, which aligned with the structural reform of China at that time. See ADB, "Subregional Economic Cooperation- Initial possibilities for Cambodia, Lao PDR, Myanmar, Thailand, Vietnam and Yunna Provice of the People's Republic of China," 50.

²³² In 1988, Chatchai Choonhavan became Thailand's prime minister. He said that the decades of military and ideological conflict in the region were ending, and there 'must no longer be two Southeast Asias,'. His aspiration was to turn Indochina 'from a battle field into a marketplace' to bring 'prosperity to the whole region.' Since then Thailand was constructively engaged with other Mekong countries. The policy of Chatchai not only helped Thai economy develop but also enhanced Thailand's position in the region. See Steven Erlanger, "Thailand Seeks to Shape a 'Golden Peninsula'," *Date*, New York Times

implementation of market-based reforms was successful, this would lead to a more favourable economic environment in the region, with increased trading and investment opportunities in the GMS. Moreover, participation in the GMS Program gave Thailand a chance to narrow developmental gaps between Bangkok and its periphery, particularly the border areas.²³³ Further, the improvement of livelihoods in border areas and cooperation on biodiversity preservation limited cross-border, drug trafficking, human smuggling and transnational crimes.

Above all, the GMS cooperation helped the countries to tap their natural resources in relation to the Mekong River, accelerate poverty reduction and ensure economic development and security.²³⁴ Over the past 25 years, the GMS countries have developed and implemented GMS projects and activities based on their needs to maximise their own interests while collectively preserving the Mekong resources.

GMS institutional arrangements

Over the more than two decades since the launch of the GMS Program, there have been dramatic changes in political and socioeconomic conditions in the region. In response to these developments, the GMS institutional framework has been amended to address new challenges. The institutional structure was radically modified after a decade of operation in accordance with the guiding

<https://www.nytimes.com/1989/04/30/world/thailand-seeks-to-shape-a-golden-peninsula.html>. Paul Chambers and Poowin Bunyavejchewin, "Thailand's Foreign Economic Policy toward Mainland Southeast Asia," *Perspective* 64, no. 2019 (2019).

²³³ Masami Ishida, "GMS Economic Cooperation and its impact on CLMV development " in *Development strategy for CLMV in the Age of Economic Integration*, ed. C Sotharith (Chiba: IDE-JETRO, 2008).

²³⁴ GMS Secretariat, "Greater Mekong Subregion (GMS): Twenty-five years of successful cooperation."

principle of the GMS to uphold an activity-based and results-oriented approach. Essentially, the institutional arrangements for the GMS Program are pragmatic, flexible and guided by a general set of principles.²³⁵ Therefore, the key to the success of the GMS Program is ongoing consultation and dialogue, which is based on the needs of participating members.

The GMS Program's institutional arrangements can be divided into two main phases, from 1992 to 2002 and from 2002 onwards. In some studies of the ADB, the evolution of the structure was broken into three phases.²³⁶ The GMS Strategic Framework (GMS-SF) was used as a milestone in its institutional development. However, the complete structure was fundamentally shaped by the end of Phase 2 (2002–2012). The following years were focused on the consolidation of this structure and fine-tuning the operations of Working Groups and Forums (WGFs) to make their activities more effective.²³⁷

The institutional evolution of the GMS was split into two phases, based on the launch of the first GMS-SF (2002–2012).²³⁸ In principle, the GMS institutional framework was designed to provide effective support for implementation of GMS projects and activities; therefore, when there are adjustments in strategic direction or priority sectors, the institutional mechanisms need to change to efficiently coordinate cooperation. In general, the GMS institutional structure has

²³⁵ GMS Conferences ADB, "GMS Conferences," Date
<https://www.adb.org/countries/gms/greater-mekong-subregion-gms-conferences.>,
<https://www.adb.org/countries/gms/greater-mekong-subregion-gms-conferences.>

²³⁶ 21st GMS Ministerial Conference, "Study on strengthening the Greater Mekong Subregion Programs's institutional framework," (Manila: GMS Secretariat, 2016).

²³⁷ Ibid.

²³⁸ Ibid.

three levels: leaders' summit; ministerial conference; and working group and forums (WGFs) in the nine priority sectors.

The first institutional arrangement of the GMS program (1992–2002) was quite simple and flexible. The main responsibility of the arrangement was to facilitate the implementation of projects. The institutional structure during this phase included three tiers: the GMS ministerial conference, senior officials' meetings (SOMs) and the WGFs. The annual GMS ministerial conference was the main body which set strategies and policies in the GMS Program, whereas the SOMs represented cooperation at policy and operational levels. SOMs are composed of GMS national coordinators, who serve as a point of contact to facilitate coordination within their own country and among GMS countries.

There were nine WGFs that functioned at the operational level from 1994. WGFs are the key apparatus of the GMS Program.²³⁹ The efficiency of the GMS Program depends much on the performance of the WGFs. Through the WGFs, member countries' sector priorities are discussed and aligned with the GMS Program's sector priorities. Additionally, the GMS Business Forum (GMS-BF), subsequently renamed the GMS Business Council, was established at the seventh conference in April 1997 and was officially launched in October 2000, which marked a step forward regarding the involvement of the GMS business community in the cooperation process. The GMS-BF reports to the GMS ministerial conference to support and enhance private sector participation. Moreover, the ADB provides administrative support for the operation and coordination of the cooperation through the central secretariat. Aside from technical and financial support, the ADB encourages dialogue between member

²³⁹ Ibid.

countries to balance the individual and collective interests among participating countries in cooperation and to build mutual trust.

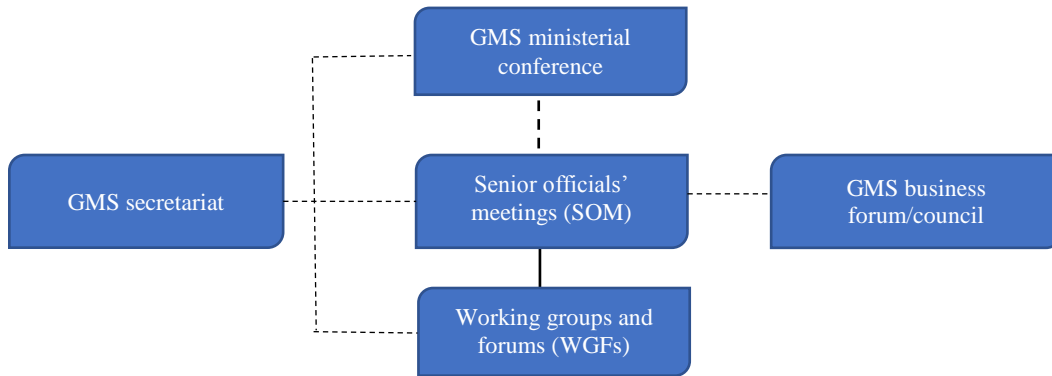


Figure 4.1: Initial GMS program institutional structure (1992–2002)

Source: Compiled by author

Phase two commenced in 2002 with the addition of the leaders' summit. The summit is organised every three years and hosted on an alphabetical basis by country name. The summit is now is the highest forum in the GMS Program, which provides broad strategic direction for future actions. Consequently, the number of institutional layers increased to four. Phase two also witnessed membership expansion to include the Guangxi Zhuang Autonomous Region of China in 2004 and the broadening of the scope of sectors in subregional cooperation.²⁴⁰

In 2002, the GMS countries released the GMS-SF (2002–2012), which combined all sector approaches with their associated programs and projects.²⁴¹ The GMS-SF (2002–2012) focused on five strategic areas, including infrastructure linkages, cross-border trade and investment and tourism, the private sector,

²⁴⁰ ADB, "Greater Mekong Subregion: Maturing and Moving Forward," (Operations Evaluation Department - Asian Development Bank, 2008).

²⁴¹ "Midterm Review of the Greater Mekong Subregion Strategic Framework (2002-2012)," (Philippines: Asian Development Bank, 2007).

human resources and the environment.²⁴² To successfully implement these strategic areas, the GMS Program began to work towards more policy-oriented approaches, such as agreements on transport, power and trade. This resulted in the shifting nature of the institutional structure, from a project-based approach to one combined with policy-based approaches.

During this second decade, the concept of economic corridors was identified and implemented, which led to adjustments to its institutional structure. The Economic Corridors Forum (ECF) and the governors' forum were established in 2008.²⁴³ The ECF aims to promote investment, trade, tourism, industrial development and other economic activity along GMS corridors. The forum is an effective discussion platform for members, development partners, the private sector and governors. The governor's forum complements the ECF in the promotion of economic corridor development in the GMS, which serves to coordinate the governors of the provinces along the GMS economic corridors. Moreover, the national secretariats are important because they were formed to ensure smooth and effective coordination within each individual country. However, due to some constraints, the national secretariats are comprised of different cells from several ministries of each member country.

By the end of the second decade, the GMS institutional structure was basically complete. The structure had added more institutional apparatus to assist the GMS Program undertake more complex cooperation. Figure 4.2 illustrates the current institutional arrangement of the GMS Program. It does not include some irregular

²⁴² "Strategic Framework and Action Plan for Human Resource Development in the Greater Mekong Subregion (2013-2017)," (Manila: Asian Development Bank, 2013).

²⁴³ Wiemer, "Economic Corridors for the Greater Mekong Subregion"; ADB, "Synopsis of Past Economic Corridor Forum (ECF) Meetings," (Asia Development Bank, 2009).

meetings, such as the sectoral level ministerial meetings or development partners' meetings.

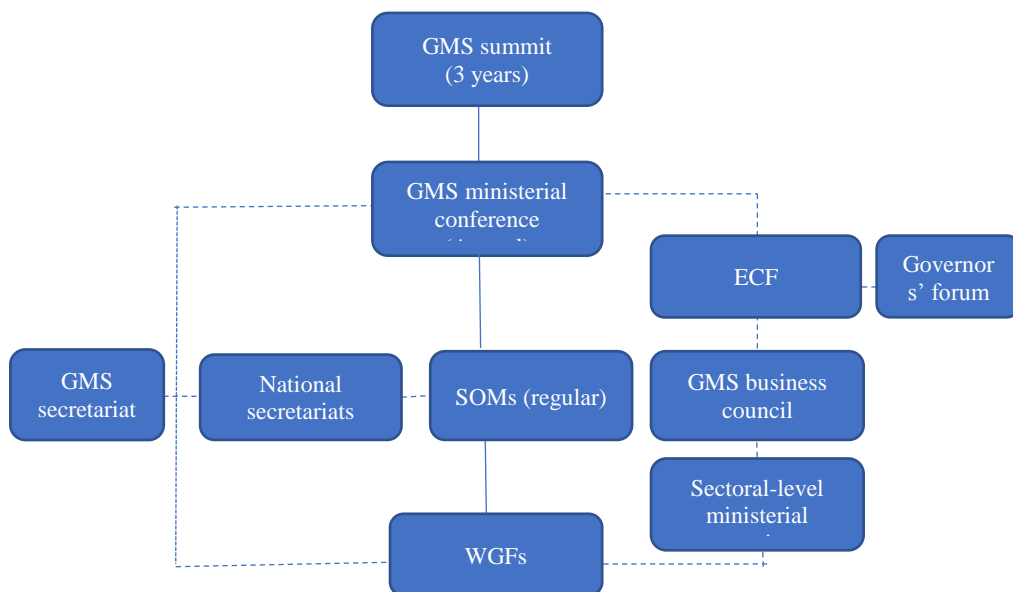


Figure 4.2: Current GMS program institutional structure

Source: Compiled by author

In general, the GMS Program was intended to be an informal grouping of neighbouring countries to collaborate on specific activities within a framework of existing relationships. Therefore, the structure was meant to be kept simple and flexible, with the main purpose to facilitate cooperation in the most efficient manner.

GMS priorities and the economic corridor approach

GMS priority sectors

To turn the GMS into a prosperous, integrated and harmonious region, the GMS Program has focused on the 3Cs strategy of connectivity, competitiveness and

community.²⁴⁴ Connectivity among the GMS countries has been enhanced through the development of physical infrastructure, power connection systems, telecommunication networks and through the transformation of transport corridors into transnational economic corridors. The economic competitiveness of the subregion has been improved through infrastructure linkages and through the facilitation of cross-border movement of people and goods and participation of the private sector. A sense of community has been fostered through projects that address shared social and environmental concerns, such as the prevention and control of communicable diseases and the protection of the subregion's rich biodiversity and ecosystems. This vision has been realised through various sectoral activities implemented by the GMS. In 1992, the GMS Program started with six sectors: transportation, telecommunication, energy, human resource, environment, and trade and investment. The tourism sector was added in 1994 and agriculture was included in 2001. Moreover, recognising the importance of both investment and trade to the subregional development, the GMS Program separated it into two sectors in 1998.²⁴⁵

Currently, the GMS Program is composed of nine sectors: agriculture, energy, environment, human resources, investment, telecommunication, transportation, tourism and trade. As of 2012, the program has identified eleven flagship programs, which are based on strategic priorities from the GMS-SF.²⁴⁶ In total, the GMS Program had implemented fifty-five investment projects with a total project cost of about USD 14 billion, involving subregional road, airport and

²⁴⁴ "10 things to know about the Greater Mekong Subregion," Date
<http://www.greatermekong.org/10-things-know-about-greater-mekong-subregion>.

²⁴⁵ "Midterm Review of the Greater Mekong Subregion Strategic Framework (2002-2012)."
"Overview of the Greater Mekong Subregion".

²⁴⁶ Cronin, "The environment and development: Greater Mekong Subregion Dynamics".

railway improvements, hydropower projects for cross-border power supply, tourism infrastructure development and communicable disease control.²⁴⁷

As the GMS Program approaches its third decade of operation, GMS countries have realised the benefits of physical connectivity by focusing more on ‘software’ activities, including policy and institutional reform. The GMS Program has identified more than 200 projects at an estimated cost of USD 51.5 billion.²⁴⁸ The transport sector is on the priority list of the GMS Program because it comprises the largest number of projects as well as the highest share of total estimated investment costs at eighty-six per cent. Transport is followed by the energy, agriculture and tourism sectors. Figure 4.3 shows the distribution of sectors based on estimated total cost in the regional investment framework (2013–2022):

²⁴⁷ADB, "The Greater Mekong Subregion Economic Cooperation Program Strategic Framework 2012 - 2022," (Philippines: Asian Development Bank, 2011).

²⁴⁸ GMS Secretariat, "Overview of the GMS Regional Investment Framework (2013-2022)," (Asian Development Bank, 2014).

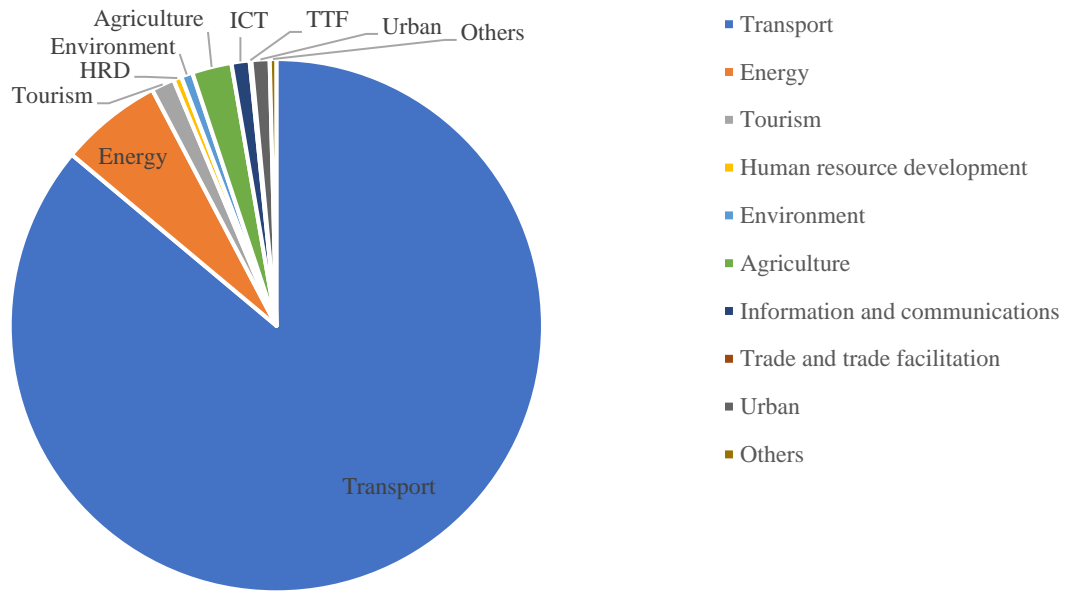


Figure 4.3: Sectoral distribution of regional investment projects in the regional investment framework

Source: ADB

Agriculture

Agriculture is a crucial sector of the GMS economies and a key area for poverty reduction. Therefore, the mission of agricultural sector is to ‘help reduce poverty through partnerships with rural communities to promote agriculture trade, food security and sustainable livelihoods.’²⁴⁹ In this sector, GMS governments and people work together to develop agricultural practices that are able to conserve land and water resources, and at the same time to increase productivity and profit in agricultural production. Although the Working Group on Agriculture was established in 2002, it is among the most effective WGFs of the GMS

²⁴⁹ ADB, "Multisector Development in the Greater Mekong Subregion," <https://www.adb.org/countries/gms/sector-activities/multisector>. .

Program.²⁵⁰ The working group even runs its own website, in which related and concerned people and agencies can find information ranging from scope, past and current projects, distinguishing practices across the subregion and upcoming events.

The working group has implemented priority projects under the Core Agriculture Support Program, which includes two phases: Phase one (2006–2010) and Phase two (2011–2015), which was recently extended to 2020. The vision statement for the GMS agriculture sector during Phase two is, ‘The Greater Mekong Subregion is recognised globally as the leading producer of safe food, using climate-friendly agricultural practices and integrated into global markets through regional economic corridors’.²⁵¹ Some notable cooperative activities in this sector include the establishment of an agriculture information network, control of the spread of animal disease across borders and capacity-building in advanced agricultural science and technology.

Energy

The roadmap of the energy sector, which was adopted by GMS countries at the 15th GMS Ministerial Conference in Thailand, is to establish an integrated, sustainable, competitive and secure regional power market. To achieve this goal, the GMS Program adopted two approaches. First, it developed a policy and institutional framework to facilitate power trading among GMS countries. Second, there is a plan to connect inter-country grid infrastructure.²⁵² Through

²⁵⁰ 21st GMS Ministerial Conference, "Study on strengthening the Greater Mekong Subregion Programs's institutional framework."

²⁵¹ ADB, "Core Agriculture Support Program Phase II (2011-2020)," Date <https://www.adb.org/countries/gms/sector-activities/agriculture/core-agriculture-support-program-phase-ii-2011-2015>. .

²⁵² "Road map for expanded energy cooperation in the Greater Mekong Subregion (GMS)," (2009).

these two approaches, the GMS Program expects to secure energy supply for growing demands from GMS countries for cross-border cooperation, which will allow for the diversification of sources. Moreover, subregional planning and coordination can attract and justify large investments. The GMS Program also views regional cooperation as an effective way to mitigate climate change by focusing on energy efficiency, renewable energy and clean energy technologies.

Environment

The environment is an indispensable element for a large number of GMS residents, who depend on their surrounding environment for food, water, energy and income. To ensure current and planned activities abide by the principle of sustainable development, a comprehensive and integrated approach to environmental conservation, the GMS Core Environment Program (GMS-CEP), was launched in 2006.²⁵³ The GMS-CEP aims to create a region where economic growth and environment protection go hand-in-hand.

The GMS-CEP has empowered GMS countries to effectively manage their environment and economic development through the 3Cs strategy to achieve an overall and sustainable improvement in people's lives. The GMS-CEP focuses on three priority issues: biodiversity conservation and poverty alleviation, climate change adaptation and mitigation, and capacity development. The GMS-CEP was divided into two phases. The first phase (2006–2011) focused on the identification and protection of biodiversity areas under threat from economic development. The second phase (2012–2017) implemented interventions in the broader landscape and support for economic corridors.²⁵⁴ To implement the

²⁵³ Greater Mekong Subregion Core Environment Program, "The Core Environment Program," <http://www.gms-eoc.org/the-program>.

²⁵⁴ ADB, "Greater Mekong Subregion Core Environment Program: Ten Years of Cooperation," (Bangkok: GMS Environment Operations Center, 2017).

GMS-CEP, the Environment Operations Centre was established in Bangkok in April 2006 to serve as a secretariat for the GMS Working Group on Environment. The sector also put efforts into building the capacity of environment ministries.

Human resource development

Human resource development is an important sector in the GMS Program because the program's success greatly depends on competencies, skills and availability of human resources of both leaders and people within the subregion. The GMS human resource development strategy and action plan²⁵⁵ focuses on promoting cooperation in health, education, labour and migration and social development. The Working Group on Human Resource Development, formed in 1995, is being restructured to focus on health cooperation while continuing to cooperate in other areas. Cooperative initiatives include a program on HIV/AIDS prevention and the infrastructure sector in the GMS because ADB believes that mitigating the spread of HIV/AIDS can effectively fight against poverty in the subregion. Moreover, the GMS Program seeks to develop a core group of leaders and managers who are competent to manage the GMS development agenda. Therefore, the GMS Program developed a capacity-building initiative, the Phnom Penh Plan for Development Management in 2002.²⁵⁶

Investment

The GMS economies view foreign investment as an important element in development. Further, it is necessary for different investment-related agencies to cooperate and share experience for the sake of the whole subregion, especially in

²⁵⁵ "Strategic Framework and Action Plan for Human Resource Development in the Greater Mekong Subregion (2013-2017)."

²⁵⁶ "The Phnom Penh Plan for development management: A Retrospective," (Philippines: Asian Development Bank, 2014).

the context of trans-border investment projects. Therefore, the GMS Program established the Subregional Investment Working Group in 1994 to serve as an advisory body on investment matters, including the development of the subregion into an attractive investment location.²⁵⁷

Telecommunications

Easier access to information is a key factor that leads to lower costs of transacting business and is the core of knowledge-based economies. This contributes to enhanced competitiveness of the subregion. To achieve the long-time vision in economic development of the subregion, the GMS Program has concentrated on dealing with technical issues of interconnection and the differences in each country's policy and regulatory frameworks.²⁵⁸ Since telecommunications is a high-profit business, the GMS Program targets the private sector as the main investors. It is expected that private investments will finance most telecommunications projects.

Transport

Physical infrastructure is the weakest link in the subregion due to its long history of conflict and war. Therefore, physically connecting the countries of the subregion was one of the first initiatives of the GMS Program at the beginning.²⁵⁹ Later, it was recognised that transport infrastructure must be developed in tandem with policies and procedures for crossing borders to boost trade in the subregion.

²⁵⁷ 21st GMS Ministerial Conference, "Study on strengthening the Greater Mekong Subregion Programs's institutional framework."

²⁵⁸ Chap Sotharith, "How can Mekong Region maximize the benefits of Economic Integration: A Cambodian Perspective," in *Accelerating Development in Mekong Region: The Role of Economic Integration* (Siem Reap, Cambodia: IMF, June 26-27, 2006); ADB, "The Greater Mekong Subregion Economic Cooperation Program Strategic Framework 2012 - 2022."

²⁵⁹ Greater Mekong subregion: from geographical to socio-economic integration (Institute of Southeast Asian Studies, 2013).

Consequently, the overarching goal of the GMS transport sector is to transform GMS transport corridors into true economic corridors, both physically and non-physically. For example, the GMS transport initiatives seek to develop various forms (i.e., air, sea and road) of physical linkages between GMS countries and between national economic centres and peripheries.

In the current implementation plan, within the transport sector, railways dominate the transport investment pipeline at 68.3 per cent, followed by road infrastructure at 30.1 per cent, port infrastructure at 0.6 per cent, and bridges and others at 1.10 per cent.²⁶⁰ The GMS transport plan also focuses on facilitating cross-border transport through regulations and agreements. For example, the Cross-Border Transport Agreement (CBTA) is a comprehensive document to streamline regulations and reduce non-physical barriers in GMS transport.²⁶¹ The documents cover different aspects of cross-border transport issues, including single-window inspection (SWI), cross-border movement of people, transit traffic regimes, requirements for road vehicles, exchange of commercial traffic rights and transport infrastructure.

Tourism

The GMS tourism sector aims to promote the GMS as a single tourism destination, which is unified yet diversified. Sustainable tourism is the guideline for the development of tourism in the subregion, which contributes to poverty reduction, gender equality and the empowerment of women. The GMS Tourism

²⁶⁰ GMS Secretariat, "Overview of the GMS Regional Investment Framework (2013-2022)." *Overview of the GMS Regional Investment Framework (2013–2022)*.

²⁶¹ Transport and Trade Facilitation, "Greater Mekong Subregion Cross-Border Transport Agreement - GMS CBTA," Date, Greater Mekong Subregion, <http://www.gms-cbta.org/cross-border-transport-agreement>; Masami Ishida, "What is the Cross-Border Transport Agreement (CBTA)?," in *Border Economies in the Greater Mekong Subregion*, ed. Masami Ishida (London: Palgrave Macmillan, 2013).

Working Group was set up and funds the Mekong Tourism Coordinating Office (MTCO), which is based in Bangkok.²⁶² The office has two primary functions: tourism development and marketing. Subregional tourism has adopted a pro-poor approach, in which the MTCO coordinates projects in line with the UN Millennium Development Goals.

Simultaneously, the MTCO promotes the GMS as a single travel and tourism destination for international visitors.²⁶³ Some initiatives of the GMS tourism include ‘the development of multi-country tour packages,’²⁶⁴ training government officials and people working in the tourism industry, producing local products for sale to tourists and preserving the ecological and cultural heritage of key tourist sites in the subregion. To guide the development of the tourism sector, the GMS ministers from six member states endorsed the GMS Tourism Sector Strategy 2016–2025 in September 2017. The strategy sets out five strategic directions until 2025: 1) development of human resources; 2) improved tourism infrastructure; 3) enhanced visitor experiences and services; 4) supported creative marketing and promotion activities; 5) facilitation of regional travel.²⁶⁵

²⁶² The TWG has its own website to facilitate the coordination of the sector and provides substantial information on Mekong tourism. Apart from providing adequate documents related to GMS Tourism sector, the website also advertises each country and groups of countries as good destinations for tourists. See <http://mekongtourism.org>.

²⁶³ The MTCO coordinates pro-poor tourism projects in line with the UN Millennium Development Goals to promote the Mekong region as a single travel and tourism destination. See ADB, "Tourism in the Greater Mekong Subregion," <https://www.adb.org/countries/gms/sector-activities/tourism>.

²⁶⁴ For example, Vietnam, Laos and Thailand have been promoting a multi-country tour package, ‘Three meals in three different countries in one day’ in the framework of the East–West Economic Corridor. During an interview with a local official in Quang Tri province, he thought this was a highlight of the GMS Program. This not only promoted GMS tourism but also attracted the participation of people along the corridor and especially the private sector in the exploitation and operation of tour packages.

²⁶⁵ The Greater Mekong Subregion Tourism Working Group, "Greater Mekong Subregion Tourism Sector Strategy 2016-2025 " (Thailand Mekong Tourism Coordinating Office 2017).

Trade

To promote trade, the GMS Program focuses on trade facilitation by focusing on non-physical measures that can remove or reduce these barriers against efficient flows of people, goods and services. The GMS Trade Facilitation Working Group, established in 1994, is responsible for coordinating trade-related procedures, processes and information to increase trade with regional and global economies.²⁶⁶

Since its launch in 1992, the GMS Program has contributed to the integration and prosperity of the region through its nine sectors. After ten years of formation, to achieve greater prosperity through closer economic cooperation, the GMS pooled together several sector approaches with their associated programs and projects into a comprehensive strategic framework for subregional development—the GMS-SF (2002–2012) with its five strategic priorities announced at the first GMS summit in 2002.²⁶⁷ Nearly a decade later, the GMS-SF has proven to be an effective approach through which significant achievements of the program across all the areas of focus have been recognised.

To continue to achieve results in subregional cooperation in the context of new challenges that arise both regionally and globally, the Fourth GMS Summit endorsed the new GMS Ten-Year Strategic Framework (2012–2022). The new strategic framework is also built on a pragmatic, action-based and results-oriented character, although there are shifts in strategic direction to meet changes

²⁶⁶ ADB, "Transport and Trade Facilitation in the Greater Mekong Subregion—Time to Shift Gears," (Operations Evaluation Department - Asian Development Bank, 2008).

²⁶⁷ Five strategic thrusts are: 1) strengthening infrastructure linkages; 2) facilitating cross-border trade, investment and tourism; 3) enhancing private sector participation and competitiveness; 4) developing human resources; and 5) protecting the environment and promoting the sustainable usage of shared natural resources. "The Greater Mekong Subregion Economic Cooperation Program Strategic Framework 2012 - 2022."

in the external environment.²⁶⁸ During this phase, investments are more focused on software to synchronise the development of policy and institutional dimensions with the developments of infrastructure. Moreover, greater emphasis is given to multi-sector coordination and cross-sectional links, while paying attention to environmental element.²⁶⁹ The economic corridor approach to subregional development continues to play a central role within the new strategic framework.

Economic corridors—the backbone of subregional development

The Eighth GMS Ministerial Conference in Manila in 1998 decided to turn existing and planned highways into economic corridors on the foundation of road projects identified and improved from 1992 to 1997. The development of economic corridors was a holistic approach to improve and enhance investment in transport, energy and telecommunications in the subregion. Economic corridors were a practical response to maximise the impact of limited resources available for regional projects, and they have since been at the centre of the GMS Program. According to the ADB, an economic corridor has the following characteristics:²⁷⁰

- covers smaller, defined geographic space, usually straddling a central transport artery such as a road, rail line or canal
- emphasises bilateral rather than multilateral initiatives and focuses on strategic nodes particularly at border crossings between two countries

²⁶⁸ Ibid.

²⁶⁹ Ibid.

²⁷⁰ "Multisector Development in the Greater Mekong Subregion".

- highlights physical planning of the corridor and its surrounding area to concentrate infrastructure development and achieve the most positive benefits.

In this sense, by connecting various nodes and hubs, transnational economic corridors created a new opportunity to implement developmental and competitive strategies.²⁷¹ New manufacturing activities were stimulated due to improvements in infrastructure, enhancement of governments' capacities and the attraction of more investment within and outside the region. Moreover, the development of economic corridors was expected to help develop surrounding areas and open up opportunities for investment to 'otherwise remote and inaccessible areas.'²⁷²

In 1998, the three proposed economic corridors were the North–South Economic Corridor (NSEC), the East–West Economic Corridor (EWEC) and the Southern Economic Corridor (SEC). The economic corridors were aimed to link 'the subregion to major markets; nodal points within these economic corridors will serve as centres for enterprise development; economic corridors will be an expansion of key transport corridors to enhance economic activities and benefits and over the long-term to build on the potential of the subregion as a land bridge serving the People's Republic of China, Southeast Asia, South Asia and East Asia'.²⁷³

²⁷¹ S. Bender, "Trade Corridors: The Emerging Regional Development Planning Unit in Latin America," in *New Regional Development Paradigms*, ed. A. Fernandez D. Edgington, and C. Hoshino (Greenwood Press, 2001).

²⁷² Sarah Turner, "Under the state's gaze: Upland trading-scapes on the Sino-Vietnamese border," *Singapore Journal of Tropical Geography* 34, no. 1 (2013)..

²⁷³ ADB, "Summary of Proceedings - Eighth GMS Ministerial Conference," (Manila: Asian Development Bank).

These projects were chosen as a flagship program under the first GMS-SF (2002–2012).²⁷⁴ In 2006, the GMS countries endorsed the GMS Transport Sector Strategy (2006–2015), which proposed a GMS corridor network of nine corridors, in which the three main economic corridors were at the heart of the network (See Figure 4.4):

- The NSEC has three branches along the north–south axis of the GMS: the western sub-corridor, Kunming (China) – Chiang Rai (Thailand) – Bangkok (Thailand); the central sub-corridor, Kunming – Ha Noi (Vietnam) – Hai Phong (Vietnam); and the eastern sub-corridor, Nanning (China) – Ha Noi (Vietnam). The Kunming–Bangkok corridor travels through either Myanmar, Laos or along the Mekong River because Thailand does not share a land border with China. The NSEC plays a vital role in providing Yunnan province and northern Laos with access to important sea ports.
- The EWEC stretches from Mawlamyine Port in Myanmar to Da Nang Port in Vietnam through several cities in Myanmar, Thailand, Laos and Vietnam. The 1,320-kilometre route is utilised as a continuous land route between the Indian Ocean (Adaman Sea) and the South China Sea.
- The SEC runs through southern Thailand, Cambodia and southern Vietnam. Originally, the SEC consisted of only one route, the Bangkok (Thailand) – Phnom Penh (Cambodia) – Ho Chi Minh City–Vung Tau corridor. The SEC now includes four sub-corridors: the central sub-corridor, Bangkok (Thailand) – Vung Tau (Vietnam); the northern sub-corridor, Bangkok (Thailand) – Quy Nhon (Vietnam); the southern coastal sub-corridor, Bangkok (Thailand) – Nam Can (Vietnam); and the

²⁷⁴ "Midterm Review of the Greater Mekong Subregion Strategic Framework (2002-2012)."

inter-corridor, Sihanoukville (Cambodia) – Savannakhet (Laos), which links the three SEC sub-corridors to the EWEC.

The networks of GMS corridors aimed to extend the benefits of improved transport links to remote and landlocked areas in the GMS and served as a mechanism for coordinating investments among neighbouring countries. The NSEC, EWEC and SEC are priorities in terms of infrastructure development and related investments are required to transform them into full-fledged economic corridors. Although there were certain achievements from the economic corridors initiative, the three economic corridors have progressed slowly.²⁷⁵ This is partly due to bilateral working mechanisms because some countries are more proactive and enthusiastic about the approach than others. Therefore, there are some segments of economic corridors that are more developed. Moreover, the benefits from this approach may be unevenly distributed across the GMS countries. For example, there is limited coverage of Laos and Myanmar in the economic corridors. Even the big cities and capitals of Laos and Myanmar, Nay Pyi Taw, Yangon and Vientiane, are not included in any economic corridors.

The successful implementation of economic corridors requires strong political will and appropriate infrastructure, with proper cross-border procedures to enable the facilitation of cross-border movement of goods and people. Enhanced cooperation and integration need to be accompanied by policies and agreements that convert these transport corridors into real economic corridors. Consequently, apart from the CBTA initiative to facilitate the cross-border movements of people and goods, the GMS Program launched the GMS-ECTD project in 2012 to help strategic towns along the economic corridors develop into economic hubs, with the determination to turn existing transport corridors into economic

²⁷⁵ Cuong Minh Nguyen, "6 challenges to advancing GMS economic corridors," Asian Development Blog, <https://blogs.adb.org/blog/6-challenges-advancing-gms-economic-corridors>.

corridors. The project assisted towns to improve their infrastructure and strengthened institutional capacities of provincial and local authorities. The GMS-ECTD project in Vietnam is discussed further in Chapter 6, with a focus on three towns, Lao Bao, Dong Ha (Quang Tri province) and Moc Bai (Tay Ninh province) to examine GMS regionalisation.



Figure 4.4: Map of GMS transport corridors

Source: Greater Mekong Subregion Information Portal²⁷⁶

²⁷⁶ ADB, "Overview Map of GMS Transport Corridor," Date <http://portal.gms-eoc.org/maps?cmbIndicatorMapType=archive&cmbIndicatorTheme=29&cmbIndicatorMap=24>.

GMS Program—a supplier of regional public goods

Besides assisting country members to implement their national strategies through the alignment of regional cooperation initiatives with national programs and lending activities, the GMS Program plays a role as a supplier of regional public goods to promote the economic and social development of the GMS.

First and foremost, it is important to understand the meaning of regional public goods. According to Sandler, regional public goods are those goods whose benefits are not limited to a single nation but extend to the region.²⁷⁷ There are two basic qualities of regional public goods, which Sandler termed the ‘publicness’ of regional public goods: non-rivalry of benefits and non-excludability.²⁷⁸ Non-rivalry regards the consumption of goods, in which one state does not take opportunities away from other regional states. The goods are still available for other parties and can be consumed again and again. For example, the preservation of the ecosystem of the Mekong River will benefit all countries along the river.

Non-excludability of benefits means that no one is excluded from consuming goods.²⁷⁹ Once public goods are produced, each party, including nonpayers, can enjoy the benefits. For example, the Phnom Penh Plan for Development Management has contributed to capacity-building for civil servants in the areas

²⁷⁷ Todd Sandler, "Public Goods and Regional Cooperation for Development: A New Look," *Integration and Trade Journal* 36, no. 17 (2013)..

²⁷⁸ Sandler calls the goods that have both characteristics ‘purely public goods’, whereas regional goods which benefit only those countries that pay for them are ‘impurely public goods’. See "Demand and Institutions for Regional Public Goods," in *Regional public goods: From theory to practice*, ed. Antoni Estevadeodal, Brian Frantz, and Tam Robert Nguyen (Inter-American Development Bank, 2012)..

²⁷⁹ "Public Goods and Regional Cooperation for Development: A New Look."; CFI, "What are Non-Excludable Goods?," <https://corporatefinanceinstitute.com/resources/knowledge/economics/non-excludable-goods/>.

of public policy and development management. It is likely that the enhancement of public officials will benefit not only the GMS in terms of development management but also those who have economic relations with the Mekong riparian countries. Transnational public goods increase the interests of member countries, especially developing countries in regional schemes. In the case of the GMS Program, there is a need to support regional public goods that foster economic growth, social development and regional integration in a sustainable manner.

The regional public goods provided by the GMS Program can be categorised into tangible and intangible goods. The intangible goods include confidence-building, mutual trust and opportunities for subregional cooperation and economic expansion. This aspect is rarely mentioned in regional public goods, although it is crucial to the process of regionalisation. The improved political–economic environment in the GMS could not guarantee to generate cooperation unless there was a capable coordinator to help countries discuss how to make the subregion more integrated, prosperous and equitable. The role of the GMS Program in building a reliable cooperation scheme is significant because it is able to create an equitable playground for members without the domination of any predominant members or external powers.

Moreover, the GMS countries were former adversaries, so it was necessary to have a legitimate and trustworthy honest broker to coordinate complex and sometimes sensitive subregional cooperation processes,²⁸⁰ particularly those related to cross-border interactions and shared natural resource management. Through the GMS Program, the ADB acts as an information and knowledge

²⁸⁰ ADB, "Greater Mekong Subregion: Twenty Years of Partnership."

source to nurture confidence among the GMS countries in those processes.²⁸¹ The ADB has taken on the role of GMS secretariat to provide necessary administrative and technical assistance and staff to facilitate the cooperation. Had it not been for the secretariat, many activities including intra-regional dialogues, sector forums or subregional agreements could not have happened.

Generally, the GMS Program has supplied the subregion with two types of tangible goods, physical and non-physical goods, to support economic integration and social development. Physical infrastructure can facilitate market exchange that increases economic integration. Infrastructure networks turn the GMS into attractive markets and centres of production.²⁸² However, the status quo of the GMS countries has not allowed them to afford improving national or transnational infrastructure networks at large scale. Notable examples of regional public goods are economic corridors, which targeted at connecting GMS countries through a multimodal transportation network. The infrastructure included transportation networks, subregional networks and telecommunications structure. The improved infrastructure provided by the GMS Program in the form of loans and technical assistance projects assisted the GMS countries to seize opportunities in terms of trade and investment during the integration process.

In addition, the GMS Program adopted the UN Millennium Goals as its social development goals, which were tailored for the GMS, including increased education levels, eradication of poverty, ensured environment sustainability and

²⁸¹ A. Oehlers, "A critique of ADB policies towards the greater mekong sub-region," *Journal of Contemporary Asia* 36, no. 4 (2006); Abonyi and Jr., "Economic Cooperation in the Greater Mekong Subregion: The Challenges of Resource Mobilization."

²⁸² Stone, Strutt, and Hertel, "Assessing socioeconomic impacts of transport infrastructure projects in the greater mekong subregion."

promotion of new technologies, especially in agricultural practices.²⁸³ The GMS Program also established a network for data and information exchange and an early warning system on environment and natural resource management, so that individual countries that share the common Mekong ecosystem can benefit from the project.²⁸⁴ Additionally, the GMS Program addressed the prevention of HIV/AIDS and the control of communicable disease due to increased cross-border interactions between countries.

In regards to non-physical goods, they included regional agreements, which paved the way for easier movement of goods and people, improvement of regulatory frameworks for strengthening institutional capacity and the greater involvement of the private sector in the regionalisation process. These intra-regional agreements²⁸⁵ were crucial in encouraging the free movement of people and goods across borders through better usage of the existing network of roads, and in addressing issues of poverty reduction and sustainable development for participating countries. Although it is a common belief that the enhancement of institutional capacity is a story for each individual country, the greater capacity to monitor social and natural environment can generate spillover that benefit the subregion and the potential of nonusers in the long run.

²⁸³ Oxfam Australia, A citizen's guide to the Greater Mekong Subregion: Understanding the GMS Program and the role of Asian Development Bank.

²⁸⁴ Through some projects, including the Subregional Environmental Monitoring and Information System, and Protection and Management of Critical Wetlands in the Lower Mekong Basin.

²⁸⁵ For example: CBTA, regional trade agreements (although the GMS does not involve any free trade area, five countries (except China) can enjoy benefit from ASEAN Trade and Investment frameworks.) See more at Pradeep Srivastava and Utsav Kumar, "GMS Trade—Trends and Patterns," in *Trade and Trade Facilitation in the Greater Mekong Subregion*, ed. Pradeep Srivastava and Utsav Kumar (Philippines: Asian Development Bank - Australian Aid, 2012).

On the whole, the GMS Program aims to prepare the subregion to integrate into regional and global markets through the provision of regional public goods and ‘reattaching them to the streams of global trade’.²⁸⁶ However, the supply of goods cannot happen in a vacuum because it requires regional cooperation. Therefore, it is regional public goods that makes the cooperation more attractive to its members. As members of the GMS Program, GMS countries are the targeted users of regional public goods. The process of regionalisation has been facilitated through new and improved public goods, which gradually connects the GMS and makes it more attractive for investors.

Limitations of the GMS Program

As discussed above, from the outset, the GMS Program was designed relatively flexible ‘activity-based’ regional cooperative schemes. Further, ‘six-minus X’ decision-making principles²⁸⁷ based on consensus-building contributed to endowing GMS members with flexibility in pursuing regional cooperation, especially in the context that the GMS economies were not on a par with each other. However, when the cooperation entered the end of the third decade of cooperation, its loose structure and decision-making principles gradually lost their currency.²⁸⁸

Obviously, the GMS does not include any effective mechanism for decision making. Countries still showed more concern about their national interest that made it difficult to achieve consensus on regional issues. Therefore, many agreements on transportation, energy, environment and other matters are, in fact,

²⁸⁶ Hensengerth, "Transboundary River Cooperation and the Regional Public Good: The Case of the Mekong River."

²⁸⁷ Ratner, "The Politics of Regional Governance in the Mekong River Basin."

²⁸⁸ Richard Cronin and Timothy Hamlin, "Mekong Turning Point: Shared River for a Shared Future," (Washington, DC: The Henry L. Stimson Center, 2012).

bilateral or trilateral and it took a long time for the countries to reach agreement in these areas.²⁸⁹ This obstructed progress towards regional cooperation.

Some agreements even became outdated before all party's signatures were obtained. Take the case of the CBTA for example. For the CBTA to be enacted, all parties were required to ratify the main text and all of its annexes and protocols. The signing process was completed on 20 March 2007 after more than eight years later Myanmar was the last country to complete its ratification.²⁹⁰ The institutional design of the CBTA was outdated by the time it came into force.²⁹¹ As a result, the CBTA needed to be reviewed and updated to accommodate new technologies and other developments. Further, Cronin noted that many bilateral agreements in the GMS were between China and its weaker neighbours, and this led to unbalanced effects in cooperation. Powerful countries like China could be expected to gain more from cooperation compared to less powerful GMS states.²⁹²

Moreover, the GMS adopted an activity-based approach, which encouraged Mekong countries to be active in certain activities and avoid taking on more responsibilities such as organising and managing the various GMS forums (e.g. the Summit, ministerial meetings, Senior Officials Meeting, and working group meetings).²⁹³ The members then heavily relied on ADB's GMS Secretariat for

²⁸⁹ Cronin, "The environment and development: Greater Mekong Subregion Dynamics " 171.

²⁹⁰ Laos completed the ratification in 2007, Cambodia and China in 2008, Vietnam in 2009, Thailand in 2015 and Myanmar in 2015.

²⁹¹ So Umezaki, "Transportation Facilitation in the Era of the ASEAN Economic Community " in *Cross-border Transport Facilitation in Inland ASEAN and the ASEAN Economic Community*, *ERIA Research Project Report FY2017*, ed. M. Ishida (Jakarta: ERIA and IDE-JETRO, 2019).

²⁹² Cronin, "The environment and development: Greater Mekong Subregion Dynamics ".

²⁹³ ADB, "Greater Mekong Subregion: Maturing and Moving forward," (2008).

coordinating activities, facilitating the forums, and drawing up the agenda. As a result, the GMS launched a number of multilateral cooperation agreements over the past twenty years, but many of them have remained on paper or the practical effects have been very limited.²⁹⁴

Despite the positive outcomes of the GMS projects, the GMS approach, which heavily emphasised infrastructure and rapid economic growth, was controversial.²⁹⁵ For instance, the GMS seemed to largely focus on transportation (mainly roads), followed by energy and paid scant attention to the other sectors.²⁹⁶ In addition, GMS program had ‘... made very good progress in the ‘hardware’ aspects of cooperation involving..., but less so in the ‘software’ components of cooperation’... especially in activities addressing social and environmental issues in the GMS.²⁹⁷ Dosch explains that environmental programs received only a small fraction of the total GMS budget and countries were incapable of enforcing environment regulations due to lack of institutional infrastructure, capacity and political will.²⁹⁸ Each country member paid less attention to environmental concerns in trade, investment and exploitation of natural resources, which in turns hampered collective efforts in protecting the environment in regional cooperation.²⁹⁹ Moreover, the ADB also privileged

²⁹⁴ Cronin and Hamlin, "Mekong Turning Point: Shared River for a Shared Future."

²⁹⁵ Danielle Tan, "The Greater Mekong Subregion programme: reflections for renewed paradigm of regionalism," *Asia Europe Journal* 12 (2014).

²⁹⁶ Ninety percent of GMS lending has gone to road transport and nine percent to energy. See ADB, "Greater Mekong Subregion: Maturing and Moving forward."

²⁹⁷ "Midterm Review of the Greater Mekong Subregion Strategic Framework (2002-2012)."

²⁹⁸ Jörn Dosch, "Environmental issues in Trade and Investment Policy Deliberations in the Mekong subregion," in *Series on Trade and the Environment in ASEAN – Policy Report 2* (Canada: International Institute for Sustainable Development, 2010).

²⁹⁹ Qi Gao, "Introduction," in *A Procedural Framework for Transboundary Water Management in the Mekong River Basin: shared Mekong for a common future* (Leiden: Brill Nuijhoff, 2014).

economic development and trade and sometimes neglected environmental elements. Vo argued that the ADB looked only at the economic aspects without consideration of impacts on the environment not only in its practices but even in its assessment reports.³⁰⁰

Finally, the GMS used the Mekong River as a base for its cooperation yet failed to include the use of water in the Mekong Region on its agenda. Undeniably, all of the GMS countries have been trying to maximise national interests in their use of the basin's water resources.³⁰¹ Although the GMS hoped that regional cooperation would uphold the principle of jointly managing the Mekong River, when principles and interests collided, countries chose to protect their national interest.³⁰² Dam construction is where the sacrifice of principles was most often observed. For instance, all downstream countries always raised their concerns over dam construction of the upper stream countries on the mainstream of the Mekong River. However, when a Thai investor became the largest investor of the Xayaburi Dam project in Laos, Thailand's stance shifted.³⁰³ Thailand also became the main consumer of electricity produced by this hydropower station. In July 2010, the Lao government and the Electricity Generating Authority of

³⁰⁰ Thanh Tri Vo, *Deepening GMS Cooperation in a More Integrated ASEAN and East Asia*, ed. Omkar L. Shrestha and Aekapol Chongvilaivan, Greater Mekong subregion: from geographical to socio-economic integration (Singapore: ISEAS - Yusof Ishak Institute, 2013).

³⁰¹ John Dore and Louis Lebel, "Deliberation and Scale in Mekong Region Water Governance," *Environmental Management* 46, no. 1 (2010). Claudia Kuenzer et al., "Understanding the impact of hydropower developments in the context of upstream–downstream relations in the Mekong river basin," *Sustainability Science* 8, no. 4 (2013).

³⁰² François Molle, Tira Foran, and Philippe Floch, "Introduction: Changing Waterscapes in the Mekong Region - Historical Background and Context," in *Contested Waterscapes in the Mekong Region : Hydropower, Livelihoods and Governance*, ed. Mira Kakonen, François Molle, and Tira Foran (London: Taylor and Francis, 2012).

³⁰³ The 1,285-megawatt Xayaburi Dam on the Mekong River in Laos has been built by Ch. Karnchang, one of Thailand's largest construction companies. It is financed by six Thai commercial banks. See more at: International Rivers, "Xayaburi Dam," Date, International Rivers, <https://www.internationalrivers.org/campaigns/xayaburi-dam>.

Thailand (EGAT) signed a memorandum of understanding for a power purchasing agreement in which EGAT agreed to buy ninety-five percent of the dam's electricity.³⁰⁴ As a result, Laos not only received large investment capital but also receive foreign exchange later on.³⁰⁵ Obviously, Thailand's support to Xayaburi hydropower promoted bad practices in managing the Mekong River, which hampered every effort in collective management of the river.

It goes without saying that member countries have benefited from subregional cooperation in the GMS, although there are many concerns that need to be addressed in order to generate more tangible progress. The approach that is not a rules-based form of cooperation evinces its weakness when deeper regional cooperation and integration are required.

Conclusion

The inception of the GMS Program opened opportunities for the GMS. The ADB-initiated program commenced just in time to assist the Mekong riparian states to better integrate into regional and international markets. This was the first regional scheme in the MRB that included the participation of all six Mekong countries. The Program also played an important role in narrowing the developing gap between ASEAN's latecomers and its original members through the provision of financial and technical assistance, enhanced hardware and software connectivity and increased trust and confidence among member countries.³⁰⁶ Further, the GMS Program was warmly welcomed by the Chinese

³⁰⁴ Ibid.; Oliver Hensengerth, "Where is the power? Transnational networks, authority and the dispute over the Xayaburi Dam on the Lower Mekong Mainstream," *Water International* 40, no. 5-6 (2015).

³⁰⁵ Dore and Lebel, "Deliberation and Scale in Mekong Region Water Governance."

³⁰⁶ Yu, "Regional cooperation and energy development in the Greater Mekong Sub-region."; Ogasawara, "Development of the Mekong Region as Part of Japan's Diplomatic Strategy for

government because it would help China to develop its south-western region.³⁰⁷ Significantly, the GMS Program was designed to meet the needs of the Mekong countries, particularly those in economic transition. It was expected that regional cooperation would help the GMS realise its potential and encourage countries to collaborate and deal with cross-border issues.

Participation in regional cooperation encouraged countries to adjust their policies to fit the new environment and also required the program to restructure its institutional arrangements to better assist the GMS countries.³⁰⁸ In practice, the GMS Program experienced two main phases of adjustment. Since 2002, the GMS Program's structure has become more formalised, with the leaders' summit held every three years and a clearer multi-layer institutional structure. However, the GMS governments have been consistent in keeping the program simple and flexible to facilitate cooperation in the GMS.

The GMS governments decided on nine priority sectors, which were based on actual needs of the members. Among those, transportation has been the most invested sector, followed by energy, which created a foundation for economic development and integration in the GMS. To achieve its goals, the GMS Program launched the initiative of economic corridors in 1998. It was expected that economic corridors would be the main routes that connected the GMS together

East Asia."; Turner, "Under the state's gaze: Upland trading-scapes on the Sino-Vietnamese border."; Oehlers, "A critique of ADB policies towards the greater mekong sub-region."

³⁰⁷ Summers, "China and the Mekong Region."; Vu, "Between system maker and privileges taker: the role of China in the Greater Mekong Sub-region."; Cheng, "China-ASEAN Economic Co-operation and the Role of Provinces."; Zhao Hong, "The Political Economy of Subregional Economic Cooperation in East Asia" *Japanese Economy (serial online)* 32, no. 2 (2014); Yoshimatsu, "The Mekong region, regional integration, and political rivalry among ASEAN, China and Japan "; Biba, "Desecuritization in China's Behavior towards Its Transboundary Rivers: the Mekong River, the Brahmaputra River, and the Irtys and Ili Rivers."; Dosch and Hensengerth, "Sub-regional cooperation in Southeast Asia: The Mekong Basin."

³⁰⁸ 21st GMS Ministerial Conference, "Study on strengthening the Greater Mekong Subregion Programs's institutional framework."

and economic activities would be stimulated along with the development of transport routes. Currently, there are three main economic corridors in the GMS, the NSEC, EWEC and SEC. These economic corridors are believed to bring developmental opportunities to less-advantaged areas in the region, whereas national efforts were insufficient to bring changes. Further, the GMS governments developed some projects in conjunction with improved cross-border connectivity, including CBTA and GMS-ECTD, to convert these corridors into full-fledged economic corridors.

The GMS Program has assisted GMS countries through two types of public goods: national and regional, which has turned this cooperation into one of the most well-known subregional cooperation schemes in the region. Although shortcomings remain, the GMS Program has gradually helped to shape an interconnected Mekong Subregion and the development of a community that can share common concerns and interests.

Following the general discussion of the GMS Program provided above, Chapter 5 focuses on the particular case of Vietnam within the framework of the GMS cooperation. The main objective is to understand the relevance of the program to the economic transition and development of Vietnam, which is an active member of the GMS Program.

Chapter 5: Vietnam in the GMS—development and integration of the national economy

Introduction

This chapter focuses on Vietnam as a case study of GMS regionalisation. This chapter and the next two chapters look at the third element in regionalisation based on Warleigh-Lack's 2008 framework. Particularly, the focus is on how regionalisation occurs at different levels ranging from central government to grassroots level. Moreover, the chapters also investigate different cooperative aspects of regional cooperation.

As examined in chapter 4, most of the GMS countries, especially Vietnam, welcomed the ADB's initiative of linking the Mekong riparian states through infrastructure connectivity and economic incentives. The governments of Mekong riparian states, including Vietnam, tried to align their national development plans with the GMS Program to get the most benefit from regional cooperation. In this context, the role of central government was dominant factor behind regional cooperation.

Since the second half of the 1980s, developments inside and outside Vietnam caused its government to reform in various ways to sustain the regime, overcome tremendous difficulties in order to stabilise the country, and engage in economic and social development. The most significant milestone was the adoption of the Doi Moi (Renovation or Reform) policy at the sixth congress of the Communist Party of Vietnam (CPV) in late 1986. The essence of the policy was to pursue a market-oriented economy, in which the government adopted outward-looking economic policies and encouraged the private sector to participate in the economy.

Due to Doi Moi, Vietnam underwent many changes in its politics, economy, culture, society and international relations. Significantly, the policy emphasised the need for export and the promotion of international economic cooperation with countries regardless of their political regimes, which laid a solid foundation for Vietnam's regional cooperation over the following decades. The stable and innovative domestic environment brought new opportunities for Vietnam to integrate with the regional and global arenas.

During the 1990s, Vietnam's national priorities were domestic economic reform and regional and global economic integration. It seemed that economic development, financial restructuring and the expansion of foreign trade were the new battlefields for Vietnam following decades of war and isolation.³⁰⁹

Owing to drastic measures taken by the Vietnamese government, the economy entered a period of growth starting from 1992. For example, Vietnam's gross domestic product (GDP) increased at an annual rate of eight to nine per cent between 1992 and 1997. Further, exports grew by fifteen to twenty per cent annually. Additionally, there was a soar in FDI, which was important to overcome the resource gap. As of November 1995, FDI in Vietnam was worth USD 17.89 billion, with 1,261 projects.³¹⁰

³⁰⁹ Gary Klintworth, "Vietnam's strategic outlook," (Canberra: Strategic and Defence Studies Centre, Research School of Pacific Studies, Australian National University, 1990).

³¹⁰ Carolyn Gates, "Vietnam's economic transformation and convergence with the dynamic ASEAN economies," *Comparative Economic Studies* 42, no. 4 (2000). Nam Tien Tran, *Chinh Sach Doi Ngoai Vietnam (Vietnam's Foreign Policy)* (Ho Chi Minh: Vietnam National University–University of Social Sciences and Humanities, 2009). Thi Thao Do and Thi Phong Lan Nguyen, "Những thành tựu cơ bản về phát triển kinh tế - xã hội của Việt Nam từ khi đổi mới đến nay (Basic achievements of Vietnam's socio-economic development since the renovation to date)," *Tap chi cong san* <http://www.tapchicongsan.org.vn/Home/Viet-nam-tren-duong-doi-moi/2013/21694/Nhung-thanh-tuu-co-ban-ve-phat-trien-kinh-te-xa.aspx>; Minh Chinh Pham and Quan Hoang Vuong, *Kinh tế Việt Nam: Thăng trầm và đột phá [Vietnam's Economy: Ups and Downs and Breakthroughs]* (Hanoi: Nha Xuat Ban Chinh Tri Quoc Gia, 2009); Duong Ngoc, "3 lần khủng hoảng và 3 lần chuyển vị thế của Việt Nam [3 times of crisis and 3 times of position shift of Vietnam]," *VnEconomy*, <http://vneconomy.vn/thoi-su/3-lan-khung-hoang-va-3-lan-chuyen-vi-the-cua-viet-nam-20105194034740.htm>; Milo

According to Le, the adoption of Doi Moi policy was a major milestone for Vietnam in terms of economic reforms and IR transformation.³¹¹ The economic reforms and adjustments achieved impressive results along with substantial external assistance since 1993. Nevertheless, Vietnam still faced many challenges, including poverty reduction, human development, resource mobilisation, infrastructure development and environmental degradation.³¹²

On recognising Vietnam's critical development needs, the ADB strived to assist Vietnam through the GMS Program to lay essential foundations for its long-term development. Accordingly, the ADB prepared the Country Operational Strategy Study (later changed to Country Partnership Strategy) to define a strategic framework that allowed the ADB to address the country's most critical needs. In doing so, the ADB aligned the country's development strategy and took account of the government's expectations with the ADB's projects and initiatives to maximise the effectiveness and development effects of the ADB's operations.³¹³

This chapter is divided into three main parts. The first part explores the context in which Vietnam made significant adjustments to its foreign policy towards cooperation and integration at both regional and international levels. Next, this chapter provides an overview of Vietnam's needs and interests from early-1990s to 2017, with a focus on the areas that were targeted by the GMS Program to illuminate the alignment between Vietnam's development strategy and GMS projects with the aim to crystallise Vietnam's enthusiasm in GMS cooperation

Vandemoortele and Kate Bird, "Viet Nam's progress on economic growth and poverty reduction: Impressive improvements," (London: Overseas Development Institute, 2011).

³¹¹ Hong Hiep Le, *Living Next to the Giant : The Political Economy of Vietnam's Relations with China under Doi Moi* (Singapore: ISEAS Publishing, 2016), 3.

³¹² Vandemoortele and Bird, "Viet Nam's progress on economic growth and poverty reduction: Impressive improvements."; *ibid.*

³¹³ ADB, "Vietnam: Country operational strategy study," (Asian Development Bank, 1995).

over the past quarter century. The final section examines how Vietnam has used GMS regionalisation to help itself during economic transition by examining the synergies between Vietnam's development strategies and the GMS's strategies. The discussion in this chapter provides part of the answer to the first research question regarding how Vietnam has utilised the process of regionalisation in the GMS to better serve its national interests over the past twenty-five years.

Secure environment for economic development and integration

Vietnam's decade-long intervention in Cambodia created a domestic crisis as Vietnam had to shoulder the huge military costs involved and the loss of development assistance, trade and investment opportunities caused by the embargo imposed by the US, ASEAN, Australia, Japan and other countries and organisations.³¹⁴ The beginning of the 1990s was marked by major changes in both international and domestic contexts.

The relationship with China badly deteriorated after the 1979 border war. However, Vietnam's withdrawal from Cambodia in September 1989 and its commitment to not interfere in Cambodia's internal affairs created the conditions for an improvement of relations with China.³¹⁵ Further, Thayer argued that the Sino-Soviet normalisation put Vietnam under pressure to repair its ties with China, which accelerated the process of solving the Cambodian problem.³¹⁶ From the beginning of 1990, Vietnam tackled the Cambodian issue with more

³¹⁴ According to Thayer, at its height, Vietnam troop in Cambodia may have reached 180,000 – 200,000. During eleven year, 220,300 Vietnamese soldiers were killed and wounded. See Carlyle A. Thayer, *The Vietnam People's Army Under Doi Moi* (Singapore: ISEAS Publishing, 1994), 9-11.

³¹⁵ "Sino-Vietnamese Relations: The Interplay of Ideology and National Interest," *Asian Survey* 34, no. 6 (1994).

³¹⁶ *Ibid.*, 515.

flexibility.³¹⁷ Remarkably, two weeks after the October 1991 Paris Agreement on Cambodia, China announced an end to its assistance to the Khmer Rouge, and China and Vietnam officially normalised relations.³¹⁸

Further, the Cambodian settlement meant an end to Vietnam's isolation from the international community and the lifting of a trade and aid embargo imposed by ASEAN. The resolution of the Cambodian conflict paved the way for the normalisation of relations between Vietnam and other ASEAN members. Therefore, the last decade of the twentieth century created favourable conditions for Vietnam both internationally and domestically to develop the country. Klintworth contended that the environment was more secure than anything Vietnam had experienced since the mid nineteenth century.³¹⁹

The collapse of socialism in Eastern Europe and later the Soviet Union transformed the bipolar world order, which prompted Hanoi to adjust its economic and foreign policies. The disintegration of the socialist bloc was significant for Vietnam because it had been heavily depended on the Soviet Union, the dominant source of foreign assistance through the 1980s,³²⁰ and the Council for Mutual Economic Assistance (CMEC) for markets and aid.³²¹ According to Thakur and Thayer, Vietnam received one-sixth of the total amount

³¹⁷ Le, *Living Next to the Giant : The Political Economy of Vietnam's Relations with China under Doi Moi*, 58.

³¹⁸ Thanh Son Bui, *Hội Nhập Quốc Tế và những vấn đề đặt ra đối với Việt Nam* [International integration and issues for Vietnam] (Hanoi: Nha Xuất Ban Chính Trị Quốc Gia, 2015).

³¹⁹ Klintworth, 'Vietnam's Strategic Outlook'.

³²⁰ Fforde and De Vylder, *From plan to market : the economic transition in Vietnam*, 46-47.

³²¹ Vietnam's trade heavily depended on the Soviet Union. For instance, trade with the Soviet Union accounted for seventy one percent of the total foreign trade by 1986. Federal Research Division **quoted in** Gareth Porter, *Vietnam : the politics of bureaucratic socialism* (Ithaca, N.Y.: Cornell University Press, 1993), 211.

of aid given to socialist countries by the Soviet Union during 1978-1984.³²² Particularly, the Soviet Union began to assist Vietnam in socialist construction under Five-Year Plans from 1961 to 1990. The assistance was doubled to cover Vietnam's Fourth Five Year Plan (1986-1990) valued at 8,700 million roubles.³²³ However, in 1990, Soviet benefactors advised Vietnam that Moscow's assistance would end and there would be no more 'free ride'. In 1991, the Soviet Union's economic aid programme reduced to US \$100 million in credits and US \$10 million in grants.³²⁴ The collapse of communist governments led to a dramatic drop in foreign aid to Vietnam, which accounted for around seven per cent of national income and underscored the necessity for real economic reform and reorientation.³²⁵ Moreover, 'the rapid disintegration of the socialist state in the Soviet Union resulted in invalidation of several economic agreements,' which caused many difficulties for Vietnam's exports and imports.³²⁶ It was clear that Vietnam had to prepare for a post-Cold War era in which it could no longer rely on the Soviet Union and Eastern Europe and had to rethink the efficacy of socialist ideology.

³²² Ramesh Chandra Thakur and Carlyle A. Thayer, *Soviet relations with India and Vietnam* (Macmillan Academic and Professional, 1992), 188.

³²³ *Ibid.*, 197.

³²⁴ Thayer, *The Vietnam People's Army Under Doi Moi*, 21; Porter, *Vietnam: the politics of bureaucratic socialism*, 213.

³²⁵ Research Institute for Asia and the Pacific, "Vietnam," (Sydney: The university of Sydney, 1994).

³²⁶ CPV, "Nghị quyết Hội nghị lần thứ hai Ban Chấp hành Trung ương Đảng (khóa VII) số 02-NQ/HNTW về nhiệm vụ và giải pháp ổn định, phát triển kinh tế - xã hội trong những năm 1992 - 1995, ngày 4-12-1991 [Resolution of the Second Plenum of the Seventh Central Party's Committee, No.: 02-NQ/HNTW dated 4 December 1991 on tasks and solutions to stabilize, socio-economic development in 1992-1995]," in *Văn kiện Đảng về phát triển kinh tế - xã hội từ Đổi Mới (1986) đến nay* [*The Party's documents on socio-economic development from Doi Moi (1986) up to now*] (Ha Noi: Nha xuất bản Chính Trị Quốc Gia - Su That 2014).

Internally, Vietnam's adoption of Doi Moi in 1986 and its transition from central planning to a market-oriented economy created conditions for an economic take-off. After five years of policy implementation, there were some notable successes, although more reforms were needed to stimulate economic growth and stabilise the country.

Vietnam's annual economic growth grew at an average of five per cent from 1988 to 1990 and reached over eight per cent from 1991 to 1996. Moreover, the inflation rate reduced remarkably during this period.³²⁷ However, there were tremendous challenges to be faced. Vietnam's socioeconomic context was depicted in Resolution No. 02/NQ-HNTW of the second plenum of the CPV's Central Committee seventh plenum in December 1991 as follows: '[t]he weather was not favourable, causing severe damage to the winter-spring crop in the north (over 1 million tonnes of food), severe floods in the two north-western provinces, the Mekong River Delta and some central provinces'.³²⁸

At that time Vietnam was still very poor and there were growing disparities between rural and urban areas. As a result, party Secretary General, Nguyen Van Linh declared that the central aim of Vietnam in the 1990s was to accumulate material wealth for the recovery and development of the country.³²⁹ These conditions forced Hanoi to move towards economic reformation, particularly in the attraction of foreign investment through the improvement of existing relationships and establishment of new ones.³³⁰ Comprehensive reformation was vigorously endorsed by the following National Party Congresses from 1991 and

³²⁷ Ibid.

³²⁸ Ibid.

³²⁹ Klintworth, "Vietnam's strategic outlook," 8.

³³⁰ Carlyle A. Thayer, "Vietnam in 2000 Toward the Ninth Party Congress," *Asian Survey* 41, no. 1 (2001).

helped Vietnam shift from near total dependency on socialist states to proactive participation in the global economy.

Though the essence of the Doi Moi policy was economic reforms, it also had profound significance on foreign relations. Le pointed out that economic interests play a crucial role in Vietnam's foreign policy making. Foreign policy was used as a means to facilitate economic reform under Doi Moi.³³¹ Further, promoting economic interests through foreign policies was beneficial to both Vietnamese people and the CPV itself.³³² As a result, Hanoi strived to diversify its foreign relations partly through the creation of a secure and stable domestic environment to attract foreign investments. Vietnam became more active in its foreign policy to fully engage itself with the world market rather than continued reliance on traditional relations. As the government asserted:

*Expanding economic relations with all countries, international organisations, foreign companies and individuals on the principle of maintaining independence, sovereignty, equality and mutual benefit. Promoting the spirit of independence and self-reliance, not relying on the outside and exploiting to the utmost all the advantages for and resources of the country are the basic conditions for effectively expanding foreign economic relation to ensure the economy develop in the active manner.*³³³

There was a fundamental shift in Vietnam's foreign policy to focus on relations with ASEAN neighbours and greater diversity in external relations irrespective

³³¹ Le, *Living Next to the Giant : The Political Economy of Vietnam's Relations with China under Doi Moi*, 47-51.

³³² *Ibid.*

³³³ CPV, "Chiến lược ổn định và phát triển kinh tế - xã hội đến năm 2000 [Socio-Economic Stabilisation and Development Strategy to the year 2000]," in *Văn kiện Đảng về phát triển kinh tế - xã hội từ Đổi Mới (1986) đến nay [The Party's Documents of socio-economic development from Doi Moi (1986) up to now]* (Ha Noi: Nha Xuat Ban Chinh Tri Quoc Gia - Su That 2014).

of a country's political system. The two important documents that laid the foundation for Vietnam's foreign policies in the new situation were: Politburo Resolution No. 32 (July 1986) and Politburo Resolution No. 13 (May 1988).³³⁴ Resolution no. 32 dated 9 July 1986, signalled that Vietnam would withdraw from Cambodia, and that Vietnam should seek to peacefully coexist with China, ASEAN and the United States. Particularly, the Resolution highlighted the need to contribute to Southeast Asian peace, stability and cooperation.³³⁵ Particularly, the Sixth National Congress also emphasised the need for the development of the 'special relations among Viet Nam, Laos and Cambodia ... for mutual help in national construction and protection'.³³⁶

The shift to regional integration in Vietnam's foreign policy was clearly spelled out in Resolution no.13 on 'Tasks and foreign policy in the new situation' adopted by the Politburo in May 1988. The Resolution of May 1988 stated: 'With a strong economy, just-enough national defense capability, and expanded international relations, we will be more able to maintain our independence and successfully construct socialism.'³³⁷ It claimed that Vietnam required a comprehensive Southeast Asian policy and an expansion of cooperation with regional countries. 'To preserve peace and to develop the economy are the

³³⁴ Carlyle A. Thayer, "The Evolution of Vietnamese Diplomacy, 1986-2016," in *Vietnam's foreign policy under Doi Moi*, ed. Hong Hiep Le and Anton Tsvetov (Singapore: ISEAS--Yusof Ishak Institute, 2018), 24.

³³⁵ The Resolution entitled 'The solution to the Cambodian issue must preserve the Cambodian revolutionary gains and solidarity among three Indochinese countries. See Le, *Living Next to the Giant : The Political Economy of Vietnam's Relations with China under Doi Moi*.

³³⁶ CPV, "Văn Kiện Đại Hội Đảng lần thứ VI [Documents of the 6th National Party Congress]," in Văn kiện Đảng về phát triển kinh tế - xã hội từ Đổi Mới (1986) đến nay [The Party's Documents of Socio-Economic Development from Doi Moi (1986) up to now] (Ha Noi: Nha Xuat Ban Chinh Tri Quoc Gia - Su that, 2014).

³³⁷ Text of the 13th Politburo Resolution, May 1988 **quoted in** Vu, "Chapter 8: Vietnam's security challenges: Hanoi's New Approach to National Security and Implications to Defense and Foreign Policies."

highest strategic objectives and interests of the whole party and people in Vietnam, Resolution No. 13 declared.³³⁸ From this perspective, integration into the regional and international markets would ensure Vietnam's security and economic development.

This resolution was a major landmark, which aimed to maintain peace and take advantage of world conditions to stabilise the country and pave the way for economic development.³³⁹ Vietnam prioritised strengthened relations with its traditional allies and nearest neighbours, Laos and Cambodia.

If the motto of foreign policy in this period was 'more friends, fewer enemies' [thêm bạn, bớt thù]³⁴⁰, the foreign policy of 1991 was guided by independence, autonomy, diversification and multi-lateralisation. After the seventh National Party Congress in June 1991, Vietnam embarked on a foreign policy strategy of 'making friends with all countries in international community, striving for peace, independence and development'.³⁴¹ The new orientation stressed the need to expand economic relations and was aimed at improved political and security ties with various countries. The seventh National Party Congress stated that

³³⁸ Text of the 13th Politburo Resolution, May 1988, **quoted in** *ibid.*

³³⁹ Carlyle A. Thayer, 'Vietnamese Foreign Policy: Multilateralism and the Threat of Peaceful Evolution', in *Vietnamese Foreign Policy in Transition*, ed. Ramses Amer and Carlyle A. Thayer (Singapore: Institute of Southeast Asian Studies, 1999). Doan Huynh Luu, "Vietnam-ASEAN Relations in Retrospect: A few thoughts," *Dialogue + Cooperation*, no. 1 (2004).

³⁴⁰ Resolution No. 13 also stressed on the need of not only resolving the Cambodian issue but also normalising relations with China and the United States, and enhancing relations with ASEAN, Japan and European countries. See Thayer, "The Evolution of Vietnamese Diplomacy, 1986-2016." Dy Nien Nguyen, "Chính sách và hoạt động đối ngoại trong thời kỳ đổi mới (Policies and foreign activities in the period of innovation)," *Tap chi cong san* 740, no. 17 (2005).

³⁴¹ CPV, "Văn kiện Đại Hội Đảng lần thứ VII [Documents of the Seventh National Congress]," in Văn kiện Đảng về phát triển kinh tế - xã hội từ Đổi Mới đến nay [The Party's documents of socio-economic development from Doi Moi (1986) up to now] (Ha Noi: Nha Xuat Ban Chinh Tri Quoc Gia - Su That, 2014).

‘expanding, diversifying and multi-lateralising external economic relations on the principle of maintaining independence, sovereignty, equality and mutual benefit’ was the focus of Vietnam’s foreign policy under Doi Moi.³⁴² After the first mid-term party conference in January 1994, Vietnam continued to pursue its policies ‘to make friends with all countries.’³⁴³ According to Thayer, this open-door policy achieved much success. As a result, by the end of 1995, Vietnam had diplomatic relations with 163 states compared to twenty-three non-communist states in 1989.³⁴⁴

Likewise, there were efforts from ASEAN countries to promote relationships with Vietnam and other Indochinese countries. For example, Thailand under Prime Minister Chatichai Choonhavan adjusted its policy to be more cooperative towards Indochinese countries to tap the economic potential of these countries by calling for joint efforts among ASEAN countries in trade and investment. Thailand assumed the lead to conduct commercial transactions with Vietnam and managed ASEAN relations with Vietnam.³⁴⁵ Thailand also supported Vietnam’s wish to join the ASEAN.

Importantly, the Strategy for Socio-Economic Stabilisation and Development up to the year 2000 stated that Vietnam would ‘diversify and multi-lateralise economic relations with all countries and economic organizations’.³⁴⁶ Vietnam

³⁴² Ibid, 119.

³⁴³ Thayer, "The Evolution of Vietnamese Diplomacy, 1986-2016."

³⁴⁴ Ibid.

³⁴⁵ Sheldon W. Simon, "The United States and Conflict Reduction in Southeast Asia," *Contemporary Southeast Asia* 12, no. 2 (1990).

³⁴⁶ Carlyle A. Thayer, "Vietnamese Foreign Policy: Multilateralism and the Threat of Peaceful Evolution," in *Vietnamese foreign policy in transition*, ed. Ramses Amer and Carlyle A. Thayer (Singapore: Institute of Southeast Asian Studies, 1999).

normalised relations with China in 1991 and in July 1995 normalised relations with the US and joined ASEAN in the same week. Thayer acknowledged that the new orientation of Vietnam's foreign policy included five main achievements: 1) normalisation of relations with China in 1991; 2) restoration of Japanese official assistance in 1992; 3) normalisation of relations with the US in 1995; 4) membership of ASEAN as the seventh member in 1995; and 5) signing of an EU–Vietnam Framework Cooperation Agreement in 1995.³⁴⁷

Vietnam's foreign policy during 1991–1996 was a continuation of renovation policy by materialising its omnidirectional foreign policy in everyday diplomatic practice. As a result of a determined effort, Vietnam resumed credit relations with the IMF, the WB and the ADB by 1993, which paved the way for international support in terms of financial aid for the reformation of Vietnam. The 1990s also witnessed a big leap for Vietnam when it was very active in seeking membership in various international and regional cooperative organisations, such as ASEAN, APEC, the General Agreement on Tariffs and Trade and some other regional cooperative schemes, including the GMS Program.

The Mekong Region was of its strong interest for Vietnam because it had co-initiated and was actively participating in several Mekong cooperative mechanisms, including the GMS Program, MRC, CLV Growth Triangle and ACMECS. After the collapse of Berlin Wall, Vietnam gave priority to the GMS Program among other multilateral arrangement. This set the stage for Vietnam's integration into the regional and global economies.

To a certain extent, membership in the GMS Program was a steppingstone for Vietnam to improve relations with its former adversaries. Further, subregional

³⁴⁷ Ibid, 55.

cooperation was viewed as a means by which Vietnam was able to demonstrate itself as a trustworthy partner to reach long-term goals such as membership in the World Trade Organization. This was a start on the journey to diversify foreign relations in the new global environment.³⁴⁸ Moreover, subregional cooperation in the Mekong region was seen as a confidence-building measure to bring peace to the region, which was beneficial for all GMS countries to have safe and stable environment to develop, including Vietnam.³⁴⁹

Vietnam's major concerns and interests since the 1990s

In principle, the guidelines for Vietnam's development from the 1990s to present were set out in two important documents of the CPV: the Socio-Economic Stabilisation and Development Strategy [Chiến lược ổn định và phát triển kinh tế- xã hội] to the Year 2000 and the Socio-Economic Development Strategy 2011–2020 [Chiến lược phát triển kinh tế-xã hội 2011-2020]. These are long-term development plans that outlined Vietnam's development perspectives and goals in which the government set the orientation, tasks and plans in various areas for development over a ten-year period based on the current socioeconomic situation and the direction that the country was heading. The strategy is concretised into a medium-term plan, known as a Five-Year Socioeconomic Plan [Kế hoạch kinh tế - xã hội năm năm]. This Plan is presented to the party's National Congress by the Central Party Committee —the five-year lifespan of the Plan coincided with one term of the government.

³⁴⁸ Nguyen Thanh Duc, "Vietnam's interests in the Greater Mekong Subregion (GMS) and the Effect of GMS Cooperation on some domestic and foreign policy in Vietnam," in *Economic and Non-traditional Security Cooperation in the Greater Mekong Subregion (GMS)*, ed. Jörn Dosch, Colin Dürkop, and Nguyen Xuan Thang (Singapore: Konrad-Asenauer-Stiftung Singapore, 2004).

³⁴⁹ Dosch and Hensengerth, "Sub-regional cooperation in Southeast Asia: The Mekong Basin."

In the following section, major development goals that were identified as priority sectors by the GMS governments are examined to demonstrate the correlation between Vietnam's development strategies and the GMS projects and activities.

At the beginning of the 1990s, although Vietnam had gained notable success in different areas—particularly high economic growth and manageable inflation - it still remained a poor country. Per capita income in Vietnam was just USD 144 in 1992, which was the lowest of all GMS countries except Myanmar.³⁵⁰ More than half of the population had inadequate access to food and non-food items.³⁵¹ Assistance from regional and international partners was crucial to Vietnam in order to maintain current growth and continue domestic reforms. One of the biggest problems facing Vietnam in this period was a lack of capital to develop, to invest in spearhead industries, and improve basic infrastructure serving for manufacturing and business activities.

As a result, attracting foreign investment was a priority of Vietnam to access more capital to fuel Doi Moi. The Resolution of the Second Plenum of the Seventh Central Party's Committee asserted that 'effectively mobilising capital by utilising every possibility and under different forms to attract foreign capital' to break the siege and economic embargo against Vietnam during this period'.³⁵² As a result, Vietnam proactively approached other countries, especially

³⁵⁰ ADB, "The Greater Mekong Subregion-Beyond borders 2007-2009," (Asian Development Bank, 2006).

³⁵¹ Nam Tien Tran, "Chinh sach doi ngoai Vietnam [Vietnam's Foreign Policy]," (Ho Chi Minh: Vietnam National University-University of Social Sciences and Humanities, 2009).

³⁵² CPV, "Nghị quyết Hội nghị lần thứ hai Ban Chấp hành Trung ương Đảng (khóa VII) số 02-NQ/HNTW về nhiệm vụ và giải pháp ổn định, phát triển kinh tế - xã hội trong những năm 1992 - 1995, ngày 4-12-1991 [Resolution of the Second Plenum of the Seventh Central Party's Committee, No.: 02-NQ/HNTW dated 4 December 1991 on tasks and solutions to stabilize, socio-economic development in 1992-1995]."

neighbouring countries, to strengthen existing and establish new economic and commercial relations.

Soon after the normalisation of relations with China, the Second Plenum of the Seventh Central Party Committee on 4 December 1991 demonstrated a willingness to take advantage of the normalisation to develop economic and commercial relations with China and expand markets in the region. Importantly, Hanoi paid attention to developing its relationship with China at central and local government levels. Vietnam was particularly interested in establishing relations with three China's provinces: Guangdong, Guangxi and Yunnan. Further, Vietnam was concerned about cultivating relations with Laos, Cambodia and the other ASEAN countries to attract more investment and curb smuggling along the border zones. In the long-term, Vietnam became more proactive in integrating with the international economy and consolidating and expanding commercial relations with regional countries.³⁵³

Further, in the reform process, the government recognised that one of the most serious gaps in the transition to a market-based economy was the relatively weak state of the domestic private sector. Consequently, the National Assembly adopted the Law on Private Business and the Law on Companies, which allowed for the establishment of private businesses in 1990.³⁵⁴ Vietnam's government comprehended that to ensure the maximum benefits brought by foreign investment, the playing field should be levelled for private and public sectors. Nevertheless, Vietnam required support to complete its policy mechanism and

³⁵³ Ibid; "Phương hướng, nhiệm vụ và kế hoạch phát triển kinh tế - xã hội 5 năm từ 2006 đến 2010 [Orientation, tasks and plans for socio-economic development in five years from 2006 to 2010]," in *Văn Kiện Đảng về Phát triển kinh tế - xã hội từ Đổi Mới (1986) đến nay [The Party's documents on socio-economic development from Doi Moi (1986) up to now]* (Hà Nội: Nhà xuất bản Chính Trị Quốc Gia – Su That, 2014).

³⁵⁴ Pham and Vuong, *Kinh tế Việt Nam: Thăng trầm và đột phá [Vietnam's Economy: Ups and Downs and Breakthroughs]*.

provide sufficient infrastructure to encourage more participation from the private sector. To this end, the private sector was encouraged to participate more in economic development and its integration has been one of the major concerns for Vietnam since the 1990s. In the long-term and short-term development plans, the government always expected to encourage more participation from the private sector throughout the course of development and integration of the country.

One of the disadvantages faced by Vietnam after a long period of war and embargoes was its weak transport system. There was a lack in the quality and quantity of transport infrastructure in urban and rural areas.³⁵⁵ Although investment in infrastructure was a focus of Vietnam's development strategy, there were insufficient state budgets and other financial sources. As a result, the improvement of infrastructure, particularly in transportation, has been a major concern of the government that was stated in every Five-Year Plan [Kế hoạch năm năm] since 1990. The government emphasised that electricity, transport and telecommunications should have strong growth to promote other sectors. Key measures involved renovating, upgrading and expanding transportation networks and developing transportation in rural and mountainous areas.

The government also noted that providing adequate infrastructure such as transport, electricity, water and telecommunications was a basic condition to guarantee economic activities by both state and private enterprises. In Vietnam's 2011–2015 Socio-Economic Development Plan [Kế hoạch phát triển kinh tế - xã hội] 2011-2015, transport sector development was a key measure to sustain the country's socioeconomic growth over the coming decade³⁵⁶. Towards 2020,

³⁵⁵ Viet Hung Khuat, "Transport Sector in Vietnam: Current Issues and Future Agenda," University of Transport and Communications, https://www.utc.edu.vn/sites/default/files/08_2010_1396.pdf.

³⁵⁶ CPV, "Phương hướng, nhiệm vụ và kế hoạch phát triển kinh tế- xã hội 5 năm từ 2001 đến 2005 [Orientation, tasks and plans for socio-economic development in five years from 2001 to

developing transport infrastructure remained a focus in development strategy with concentration on enhancing transport networks within rural areas and connecting the periphery with the centre.

Importantly, the central government targeted the development of socioeconomic infrastructure in border zones, especially at border crossing gates.³⁵⁷ The rehabilitation and extension of Vietnam's transport system was important not only for economic development but also to enhance the economic growth of disadvantaged regions and provide equal access to basic services for people in rural and remote areas. Consequently, the Vietnam government displayed determination to invest and call for investment in infrastructure, particularly in transport infrastructure, which will enable trade and power businesses to connect the periphery to the centre and bring access to necessities to inaccessible and remote areas.

Remarkably, the beginning of the 21st century witnessed a shift in orientation of infrastructure development when the government paid more attention to the capacity of infrastructure to connect with the region. For example, the Five-Year Plan 2001–2005 was oriented towards the completion of major infrastructure works to be able to connect with adjacent areas, especially developing routes that could connect to Laos and Cambodia.³⁵⁸

2005]."; "Phương hướng, nhiệm vụ và kế hoạch phát triển kinh tế- xã hội 5 năm từ 2006 đến 2010 [Orientation, tasks and plans for socio-economic development in five years from 2006 to 2010]."

³⁵⁷ Nguyen The Bang, "Vai trò của Khu kinh tế cửa khẩu đối với phát triển kinh tế - xã hội vùng biên [The role of border economic zones in socio-economic development in border region]," Date, *Tap chí Tai chính*, <http://tapchitaichinh.vn/nghien-cuu-trao-doi/vai-tro-cua-khu-kinh-te-cua-khau-doi-voi-phat-trien-kinh-te-xa-hoi-vung-bien-133797.html>.

³⁵⁸ CPV, "Phương hướng, nhiệm vụ và kế hoạch phát triển kinh tế- xã hội 5 năm từ 2001 đến 2005 [Orientation, tasks and plans for socio-economic development in five years from 2001 to 2005]."

The focus of the Vietnamese government was not only on the development of transport routes that could physically connect different areas, but that these routes were able to turn into economic corridors to bring benefits to various localities along them. In the Five-Year Plan 2001- 2005, the Party highlighted the necessity to connect different neighbouring areas together with an emphasis on the EWEC of the GMS Program³⁵⁹. Similarly, the strategy to 2020 confirmed the significance of the economic corridors for national development and regional integration:

*Forming and developing corridors, economic belts and growth poles that are significant to the whole country and able to link with the region; creating a synchronous connection on the infrastructure system to form the North–South economic axis, East–West economic corridors and trans-Asia economic corridors; forming clusters, industrial and service groups and connecting urban centres along economic corridors; building a centre for major economic development cooperation at border gates on economic corridors.*³⁶⁰

Environmental issues have become a concern in Vietnam’s development strategy since the beginning of the 21st century. Vietnam’s government asked to ‘include environmental protection in strategies, planning and plans for development of any sectors, areas, programs and projects ... Perfecting the legal system on environmental protection, imposing heavy sanction to prevent and handle

³⁵⁹ Ibid.

³⁶⁰ Socio-Economic Strategy 2011–2020 was one of the Party documents presented at the eleventh National Party Congress convened in January 2011. "Chiến lược phát triển kinh tế - xã hội 2011-2020 [Socio-Economic Development Strategy 2011-2020]," in *Văn kiện Đại Hội Đảng về Phát Triển Kinh Tế-Xã Hội từ Đổi Mới đến nay [The Party's Documents of socio-economic development from Doi Moi (1986) up to now]* (Hanoi: Nha xuất bản Chính Trị Quốc Gia - Su That, 2014).

violations ... Focusing on the development of green and environmental-friendly economy.³⁶¹ In the Five-Year Plans since 2011, the government has sought to establish a basic framework for environmental protection and improvement by the alignment of economic policies with environmental protection policies. Notably, the plan stressed waste management and waste treatment systems and clean technology usage in production.³⁶²

Finally, tourism has been viewed as a foreign exchange earner since 1990. Therefore, in the Party's documents tourism was expected to be promoted via utilisation of the available natural resources of the country and development of related services and infrastructure. The government stressed the importance of regional connections and coordination to promote the MRB as an attractive single tourist destination. For example, the Politburo issued Resolution No. 08_NQ/TW on 16 January 2017, regarding the development of tourism into a spearhead economic sector by 2020.³⁶³

Apart from the need for assistance from international partners and the GMS Program to meet with its needs and concerns, Hanoi viewed enhancing cooperation in the GMS as a means to secure its national interests in terms of rice production, especially in the Mekong Delta, navigation, irrigation, fisheries, hydroelectric power and tourism.³⁶⁴ Accordingly, close cooperation with

³⁶¹ Ibid.

³⁶² "Phương hướng, nhiệm vụ và kế hoạch phát triển kinh tế- xã hội 5 năm từ 2001 đến 2005 [Orientation, tasks and plans for socio-economic development in five years from 2001 to 2005]."; "Phương hướng, nhiệm vụ và kế hoạch phát triển kinh tế- xã hội 5 năm từ 2006 đến 2010 [Orientation, tasks and plans for socio-economic development in five years from 2006 to 2010]."

³⁶³ Vietnam Law & Legal Forum, "Tourism to become a spearhead industry," <http://vietnamlawmagazine.vn/tourism-to-become-a-spearhead-industry-5751.html>.

³⁶⁴ Thanh Duc, "Vietnam's interests in the Greater Mekong Subregion (GMS) and the Effect of GMS Cooperation on some domestic and foreign policy in Vietnam."

upstream countries in Mekong water planning and usage was necessary to guarantee the equitable and reasonable share of the river among GMS countries. Water can be either a source of conflict or cooperation, so Vietnam not only viewed the GMS program as a source of aid in its transition but also as a key ingredient for regional peace and stability.³⁶⁵

Utilising regionalisation in the GMS to attain socioeconomic development goals

The GMS Program adopted six criteria for selecting high priority projects, including: i) subregional development benefits and impacts; ii) economic and social viability; iii) implementation schedule, iv) availability of financing; v) status of preparation; and vi) national priorities. To create a pipeline for high priority projects, the GMS Secretariat worked closely with ADB sector divisions, the GMS sector forum, WGFs and task force.³⁶⁶

The GMS Program weighed up the interests of its members in its operation. In this context, well-defined projects of joint priority interests were central to the process of subregional economic cooperation in the GMS. Participating governments were able to experiment with cooperation with clear expected benefits, while limiting their overall risk.³⁶⁷ With a pragmatic and activity-driven approach, the GMS projects adopted the ‘Six minus X’ decision-making

³⁶⁵ Nguyen, Hợp tác Tiểu Vùng Mê Công Mở Rộng: Hiện tại và Tương lai [Cooperation in Greater Mekong Subregion: Present and Future]; Nguyen and Kieu, Sông và Tiểu Vùng Mê Kông: Tiềm năng và hợp tác phát triển quốc tế [River and Mekong subregion: Potential and international developmental cooperation]; Nguyen, "Việt Nam trong hợp tác Tiểu Vùng sông Mê Kông mở rộng [Vietnam in GMS cooperation]."

³⁶⁶ 5th GMS Summit "Greater Mekong Subregion: Regional Investment Framework Implementation Plan (2014-2018) " (GMS Secretariat Southeast Asia Development 2014, 2015).

³⁶⁷ Abonyi and Jr., "Economic Cooperation in the Greater Mekong Subregion: The Challenges of Resource Mobilization."

principle³⁶⁸, that allowed members to be more flexible in joining initiatives. Conversely, the projects could also generate benefits at regional scale to address cross-border issues in economic cooperation. As of December 2017, GMS projects in Vietnam were valued at USD 6 billion, which accounted for 30 per cent of the total loan and assistance of the GMS.³⁶⁹

The primary objective of regional cooperation was to promote the attractiveness of the GMS as an investment location. The GMS Program enticed investors through the generation of a common regional growth zone.³⁷⁰ Access to the GMS market was hindered by physical, regulatory and other constraints. Consequently, the geographic attractiveness of the subregion could be enhanced by the removal of these constraints to expand access to the abundant natural and human resources of the subregion. The GMS Program achieved this by developing or improving the physical infrastructure, especially transport infrastructure and related rules and regulations to facilitate the movement of goods and people between borders.

Further, efficient road transport provided opportunities to disadvantaged areas, such as poverty reduction and economic development in these areas. The GMS countries, including Vietnam, expressed their desire through the GMS Program for better connectivity to improve the trade environment. In all projects, the transportation sector accounted for the biggest share of ADB assistance to

³⁶⁸ Ratner, "The Politics of Regional Governance in the Mekong River Basin."

³⁶⁹ Ministry of Foreign Affairs, "Tổng quan về GMS và sự tham gia của Việt Nam [Overview of Vietnam's participation in the GMS]," Date, Báo điện tử chính phủ nước Cộng Hòa Xã Hội Chủ Nghĩa Việt Nam [Online newspaper of the Socialist Republic of Vietnam], <http://baochinhphu.vn/Hoi-nghi-Thuong-dinh-GMS-6-va-Hoi-nghi-Cap-cao-CLV-10/Tong-quan-ve-GMS-va-su-tham-gia-cua-Viet-Nam/332772.vgp>.

³⁷⁰ GMS Secretariat, "Overview of the GMS Regional Investment Framework (2013-2022)."

Vietnam, at approximately eighty seven percent.³⁷¹ Since 1993, Vietnam has received considerable support for road and other modes of transport development. The efforts went into upgrading the national highway systems as well as increasing access to the rural population by improving district and commune roads. Of all the GMS countries, Vietnam has a high-density road network, which consisted of 218,224 km of roads, of which around 17,000 km are national highways and 23,000 km are main roads as of 2015. The percentage of national highways is low, which is about 9 percent and over 30 percent for provincial roads.³⁷² Further, provincial and local roads are narrow and unpaved and not in good condition.³⁷³ The lack of national-level roads means that there is limited domestic connectivity between remote and rural areas.

More recently, efforts to improve provincial roads have increased. These are vital to providing access to markets, provincial capitals and rural populations. As of 2011, the ADB had granted Vietnam loans of USD 2.4 billion and technical assistance of USD 22.5 million, which has resulted in the improvement of about 1,000 km of rural roads and hundreds of small bridges.³⁷⁴ Table 5.1 presents the length of roads and number of bridges in total and categorised by levels of management in Vietnam 2007–2015:

³⁷¹ ADB, "Asian Development Bank and Viet Nam: Fact Sheet," in *Fact sheets* (2017).

³⁷² General Statistics Office of Vietnam, https://www.gso.gov.vn/Default_en.aspx?tabid=491.

³⁷³ Thi Nhi Duong, "Vietnam Country Report," in *Financing ASEAN Connectivity, ERIA Research Project Report FY2013*, ed. Micheal Regan and Fauziah Zen (Jakarta: ERIA, 2014).

³⁷⁴ ADB, "Vietnam: Transport Sector Assessment, Strategy, and Road Map," (Philippines: Asian Development Bank, 2012).

Table 5.1: Total length of road and number of bridges in Vietnam (2007–2015)

Year	Length of roads/ number of bridges	Total	Central management	Provincial/cit y management	District management	
2015	Road (km)	218.22	4	19.545	35.870	162.809
	No. of bridges (unit)	30.916	3.883	7.696	19.337	
2013	Road (km)	211.49	6	16.514	37.671	157.311
	No. of bridges (unit)	29.019	3.578	7.706	17.735	
2011	Road (km)	206.63	3	15.643	37.235	153.755
	No. of bridges (unit)	31.333	3.213	7.573	20.547	
2009	Road (km)	180.54	9	15.065	36.225	129.259
	No. of bridges (unit)	24.102	3.151	6.079	14.872	
2007	Road (km)	160.08	9	13.554	31.575	114.960
	No. of bridges (unit)	28.336	2.938	7.773	17.625	

Source: General Statistics Office of Vietnam³⁷⁵

During the last decade, there was an increase in both total kilometres of roads and number of bridges in Vietnam; however, the real improvement in transport infrastructure was in the quality of the roads. The Vietnamese government focused on renovating the existing routes to increase their connectivity capacity

³⁷⁵ Vietnam's General Statistics Office, "Statistical Year Books," (Ha Noi: Nha xuất bản Thống Ke, 2018).

and durability in all kinds of weather.³⁷⁶ This strategy was also shared by the ADB through the GMS Program, in which investment was made in road upgrades rather than new routes.³⁷⁷ Moving towards 2020, the country began to improve the expressway network to sustain Vietnam's growth and development as well as to enhance the country's regional and global competitiveness with the view that expressways can reduce travel time and cost.³⁷⁸

As a result, with the assistance of ADB and other development partners under the GMS Program, Vietnam made considerable progress in upgrading and completing major express links, including National Highway 1, Phnom Penh-Ho Chi Minh Highway, Noi Bai-Lao Cai Expressway and Ho Chi Minh-Long Thanh-Dau Giay. Specifically, the rehabilitation of Route 9, which connects Laos to Vietnam and the completion of the 2nd International Bridge, that connects Mukdahan (Thailand) to Savannakhet (Laos) in 2006, enabled a road route that traversed these three countries, Thailand, Laos and Vietnam on the East-West Corridor and has since resulted in more economic activities, including markets, hostels, restaurant and service enterprises along the route. Similarly, Ha Noi-Lao Cai Expressway at 244 km is the longest of its kind in Vietnam, which was opened in September 2014 as a strategic part of the Kunming-Lao Cai-Ha Noi-Hai Phong economic corridor. The expressway reduced travelling time from seven hours to three hours between Hanoi and Lao Cai province. Further, the

³⁷⁶ Khuat, "Transport Sector in Vietnam: Current Issues and Future Agenda".

³⁷⁷ ADB, "Greater Mekong Subregion Transport Sector Strategy 2030: Toward a seamless, efficient, reliable and sustainable GMS transport system," (Philippines: Asian Development Bank, 2018).

³⁷⁸ Duong, "Vietnam Country Report."; Khuat, "Transport Sector in Vietnam: Current Issues and Future Agenda"; VGP News, "Thủ tướng dự khởi công dự án thành phần đầu tiên của tuyến cao tốc Bắc-Nam [The Prime Minister attends the breaking-ground ceremony of the first component of the North-South Expressway]," Báo Điện Tử Chính Phủ Nước Cộng Hòa Xã Hội Chủ Nghĩa Việt Nam, <http://baochinhphu.vn/Thong-cao-bao-chi/Thu-tuong-du-khoi-cong-du-an-thanh-phan-dau-tien-cua-tuyen-cao-toc-BacNam/375246.vgp>.

expressway not only facilitated goods transport but also brought new opportunities for trade and investment exchanges and tourism to Vietnam's northern localities and China's southern region.³⁷⁹

The goals of the GMS Program are not only to help each country upgrade their transport networks but also to connect national networks into regional transport networks to improve the competitiveness of the subregion. However, increasing physical connectivity in the subregion was not the end but only a means to accelerate subregional development. Moreover, cross-border connectivity facilitated cross-border trade with neighbouring countries, which would benefit the poor communities along the border and curb smuggling, which has long vexed the government.³⁸⁰

Accordingly, the three economic corridors have received substantial investment since 1998 to lay the foundations for the development of the GMS.³⁸¹ The three main GMS corridors were expected to be transformed from transport corridors into trade, investment, tourism and transit corridors and the towns and cities that they traverse would be developed into hubs for regional trade, investment and tourism. Through the concept of economic corridors, the GMS Program was

³⁷⁹ Tuan Anh, "Hiệu quả từ đầu tư các tuyến đường cao tốc [Efficiency from investing in expressways]," Ministry of Transport, <http://mt.gov.vn/vn/tin-tuc/45081/hieu-qua-cac-tuyen-duong-cao-toc-do-vec-dau-tu--quan-ly.aspx>; Doan Phong, "Cao tốc Nội Bài-Lào Cai 'đánh thức' kinh tế vùng Tây Bắc [The Noi Bai-Lao Cai Expressway 'awakens' the Northwestern economy]," *Date*, Vietnamnet; Chau Nhu Quynh, "Cao tốc dài nhất Việt Nam làm lợi 1.800 tỷ đồng/năm," *Dantri* <https://dantri.com.vn/giao-thong/cao-toc-dai-nhat-viet-nam-lam-loi-1800-ty-dong-nam-201604281033582.htm>.

³⁸⁰ In Vietnam, border areas are among the poorest areas and are heavily influenced by their neighbours. Therefore, the development of towns on both side of borders should parallel to other and the facilitation of cross-border travelling is significant because it can create close connections between people and local governments, which can pave the way for cooperation and development.

³⁸¹ ADB, "Review of Configuration of the Greater Mekong Subregion Economic Corridors," (Manila: Asian Development Bank, 2018).

expected to create new economic activities along the key transport routes of the subregion.

However, economic corridors are much more complex than a road that connects two cities. They involve the development of infrastructure and harmonising laws and regulations between countries to make it easier to do business, access markets and conduct other activities that comprehensively support trade and development.³⁸² For Vietnam, the development of economic corridors has coincided with the country's long-term development strategy. As such, Vietnam and Thailand are the only two member countries that have joined all three main economic corridors in the hope that these corridors would link Vietnam to the rest of the Mekong riparian countries.

Vietnam's government expected that the GMS economic corridors would lay the foundation for the establishment of industrial clusters, improved telecommunications and power infrastructure and enhanced tourism activities along the corridors.³⁸³ Remarkably, key sections of major GMS corridors are in the country, including Ho Chi Minh City–Phnom Penh Highway, the EWEC, the Kunming–Hai Phong Transport Corridor and the Southern Coastal Corridor. Consequently, Vietnam is now physically connected to all GMS countries, which has generated opportunities for Vietnam's development, particularly for the provinces along the corridors. By the end of December 2017, of USD 6 billion

³⁸² Ibid.; Banomyong, Sopadang, and S.Ramingwong, "Logistics benchmark study of the East West Economic Corridor."; David Chapman et al., "Concepts and definitions of corridors: evidence from England's Midlands," *Journal of Transport Geography* 11, no. 3 (2003).

³⁸³ Prime Minister Nguyen Xuan Phuc, "Mekong: Dòng sông hợp tác và phát triển [Mekong: A river of cooperation and development]," Date <https://laodong.vn/thoi-su/mekong-dong-song-hop-tac-va-phat-trien-598372.ldo>.

that had been poured into GMS cooperation projects in Vietnam, transport accounted for up to 87 percent.³⁸⁴

In a survey conducted in three GMS corridor towns—Lao Bao, Dong Ha of Quang Tri province and Moc Bai of Tay Ninh province - 98 percent of respondents agreed that roads had remarkably improved.³⁸⁵ This improvement led to easier transportation within the town, from the town to the city capital and even with neighbouring countries, including Laos, Thailand and Cambodia. Moreover, 80 per cent of participants claimed that the improved road infrastructure facilitated the commute to school of young children and 89.5 per cent stated that they had more customers for their business. Recently, the GMS Program has broadened its focus in the transport sector to include railways and other modes of transport to materialise the goal of subregional connectivity through multimodal transport systems.³⁸⁶ In brief, independent evaluation has assessed that the transport projects of the GMS Program in Vietnam have consistently been relevant to the needs and priorities of the government.³⁸⁷ These projects have also harmonised with projects provided by other development partners, such as WB or the Japan International Cooperation Agency.

To create new economic activities along the key transport routes of the subregion, Vietnam quickly ratified the CBTA in 1990 and has now adopted all annexes to the agreement.³⁸⁸ Since 2012, Vietnam and China have licensed the

³⁸⁴ Ibid.

³⁸⁵ The survey was conducted by the author during her fieldwork to Quang Tri and Tay Ninh Province in 2017-2018. The survey is discussed in detail in chapter 7.

³⁸⁶ ADB, "Vietnam: Transport Sector Assessment, Strategy, and Road Map."

³⁸⁷ Ibid.

³⁸⁸ Ministry of Foreign Affairs, "Việt Nam là mắt xích quan trọng trong GMS [Vietnam is an important link in the GMS]," *The world and Vietnam report* 2018.

other country's vehicles along Kunming–Ha Noi–Hai Phong and Ha Noi–Nanning–Shenzhen routes.³⁸⁹ On the EWEC, Vietnam and Laos launched a 'one-stop-shop' customs model on a pilot basis in 2015 at the Lao Bao–Densavan International Border Gate to simplify procedures and facilitate business and personal travel and transport in the GMS.³⁹⁰ This effort was beneficial not only to Vietnamese enterprises but also to enterprises of other countries via the resolution of policy, regulatory and other non-physical barriers to cross-border traffic. In sum, economic cooperation along the border engendered closer political interaction. Stable and long-term relations are preferred to reduce transaction times and costs rather than ad hoc cooperation.³⁹¹

Additionally, the development of economic corridors has promoted tourism in Vietnam and the subregion.³⁹² Specifically, the economic corridors run through most major GMS urban centres and there are bridges that connect strategic locations across GMS countries. Moreover, overland travel became easier with the CBTA, which encouraged greater cross-border flows of tourist coach services and personal vehicles. In the past decade, the numbers of tourists coming to Vietnam has increased substantially. For example, Vietnam received 7.94 million international tourists in 2015, which was an increase of 43.7 per cent

³⁸⁹ Ibid..

³⁹⁰ Vientiane Times "Laos, Vietnam launch onestop border checkpoint," Date, Savan Park Savannakhet, <http://www.savanpark.com/?p=1763>; Dang Bo Tinh Quang Tri [Quang Tri Province's Communist Party], "Từ hành lang kinh tế Đông – Tây đến Khu kinh tế Đông – Nam Quảng Trị [From the East - West economic corridor to the East - South Quang Tri Economic Zone]," Date <http://tinhuyluongtri.vn/tu-hanh-lang-kinh-te-dong-%E2%80%93-tay-den-khu-kinh-te-dong-%E2%80%93-nam-quang-tri>.

³⁹¹ Oliver Hensengerth, "Vietnam's Foreign Policy towards the GMS," in *Economic and Non-traditional Security Cooperation in the Greater Mekong Subregion (GMS)*, ed. Jörn Dosch, Colin Dürkop, and Nguyen Xuan Thang (Singapore: Konrad-Adenauer-Stiftung Singapore, 2004).

³⁹² Ramon Benedicto A.; Rieder Alampay, Ludwig G. , "Developing Tourism in the Greater Mekong Subregion Economic Corridors," *Journal of GMS Development Studies* 4 (2008).

compared to 2005, and China accounted for the largest number of tourists coming to Vietnam. Further, the number of foreign visitors to Vietnam by roads increased 12 times over the past two decades, most of whom were from the GMS countries, including China, Cambodia and Laos.³⁹³

Figure 5.1 displays the number of foreign tourists coming to Vietnam by roads 1995–2015. The increase was a direct result of easy cross-border transportation and incentives offered collectively by countries in the GMS.

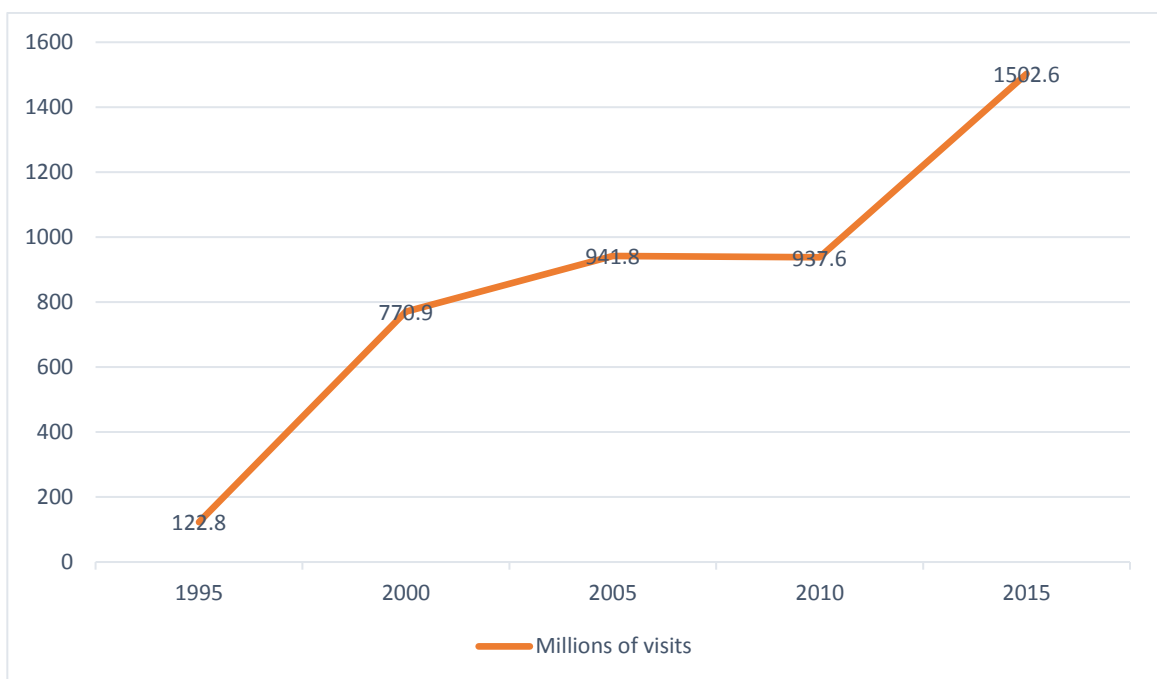


Figure 5.1: Number of foreign visitors to Vietnam by road (1995–2015)

Source: General Statistics Office of Vietnam³⁹⁴

According to the MTCO, there were several factors that contributed to the exceptional tourism growth in GMS countries, including physical connectivity,

³⁹³ General Statistics Office of Vietnam.

³⁹⁴ Vietnam's General Statistics Office, "Statistical Year Books."

diverse tourism assets, tourist visa policies and participation of the private sector.³⁹⁵ The Vietnamese government identified tourism as a key industry to tackle poverty, inequality and boost economic development. These goals coincided with the overall objectives of the GMS tourism sector strategy:

*Develop and promote the Mekong Region as a single destination, offering a diversity of good quality and high-yielding subregional products that help to distribute the benefits of tourism more widely; add to the tourism development efforts of each GMS country; and contribute to poverty reduction, gender equality and empowerment of women, while minimizing any adverse impacts of tourism.*³⁹⁶

Moreover, the national tourism strategy of Vietnam has emphasised improved market linkages with neighbouring countries, Laos, Cambodia, Thailand and Myanmar and coordinated with them to launch multi-country tour routes that used the Mekong River as a base.³⁹⁷ Advocating this initiative, the MTCO has cooperated with GMS national tourism organisations to design tour routes based on existing economic corridors.

Additionally, one of the disadvantages faced by Vietnam in terms of boosting tourism sector was a shortage of investment in tourism facilities and services in secondary destinations, despite an abundance of cultural and natural assets. To assist Vietnam to promote its tourism sector, two projects that aimed to increase tourism in the provinces (mainly poor northern and Mekong Delta provinces)

³⁹⁵ Mekong Tourism Coordinating Office, "Experience Mekong Greater Subregion Tourism Marketing Strategy and Action Plan 2015-2020," (Bangkok2015).

³⁹⁶ Ibid.

³⁹⁷ Chheang, "The Cambodia-Laos-vietnam Development Triangle Area."

were located within the GMS corridors: the GMS Tourism Infrastructure for Inclusive Growth and the Greater Mekong Subregion: Subregional Tourism Development. The objectives of these projects were to improve tourism infrastructure, environment and strengthen institutional capacity and create livelihood opportunities for the poor in these provinces.³⁹⁸

Remarkably, according to a local authority, tourism sector had the most participation from the private sector from planning to implementation of projects.³⁹⁹ For instance, the Mekong Tourism Forum is an official platform for public–private sector dialogue on tourism development. According to an official of Quang Tri province, the participation of private sector in GMS projects was still limited except for tourism.⁴⁰⁰ The private sector has played a major role in proposing and implementing tourism projects, particularly in exploiting the benefits brought by transport connectivity. For example, the private sector joined the Tourism Working Group to map out strategies for the sector and was the main investor in the field. Additionally, the GMS Program established the GMS-BF in 2000 as an effective channel to integrate the private sector into the GMS Program, especially in tourism, power and telecommunication projects.⁴⁰¹ Complementing Vietnam’s national efforts, GMS tourism initiatives have been developed to identify opportunities and unlock the country’s potential with a

³⁹⁸ Alampay, "Developing Tourism in the Greater Mekong Subregion Economic Corridors."

³⁹⁹ Interview with local authorities during the fieldwork.

⁴⁰⁰ During an interview with the Director of External Relations and International Cooperation Section, People’s Committee of Quang Tri province, he acknowledged the active and effective participation of the private sector in tourism.

⁴⁰¹ Chang Nam and Kee Nam, "Economic Factors Shaping Private Sector Development in the Greater Mekong Subregion," *Internationales Asian Forum. International Quarterly for Asian Studies* 39, no. 3/4 (2008); Trevor H.B Sofield, "The role of tourism in transition economies of the Greater Mekong Subregion," in *Asian tourism : growth and change*, ed. Janet Cochrane (Amsterdam, Sydney: Elsevier, 2008).

view to increase visits and return visits to secondary destinations, most of which are along the three GMS economic corridors.

Finally, while the GMS countries have focused on the development of the national economy, the environment has become a concern for the GMS Program. While economic growth has brought prosperity to its people and reduced poverty, it has been fuelled by unsustainable usage of the subregion's natural resources, which has created environmental degradation.⁴⁰²

Consequently, the environment was identified as one of the strategic pillars in the first ten-year strategy of the GMS in 2002. The GMS Program targeted protection of the environment and the sustainable usage of shared natural resources. The GMS Program has launched several initiatives to support environmental cooperation in the subregion and protect biodiversity areas under threat from economic development, such as the GMS-CEP, which was introduced in 2006, alongside the Biodiversity Corridors Initiative, which had the vision of 'a poverty-free and ecologically rich GMS.'⁴⁰³

Over ten years of operation, the GMS-CEP has worked intensively with rural communities, the private sector, non-governmental organisations, UN agencies, universities and research institutes.⁴⁰⁴ In particular, the GMS-CEP has concentrated on assisting GMS governments to improve planning processes and regulatory frameworks by using strategic environmental assessments and the

⁴⁰² ADB, "Greater Mekong Subregion Core Environment Program: Ten Years of Cooperation."; GMS Environment Operations Center, "The Greater Mekong Subregion Core Environment Program " (Bangkok: Asian Development Bank, 2018).

⁴⁰³ ADB, "The Greater Mekong Subregion at 20: Progress and Prospects," (Philippines: Asian Development Bank, 2012); The Association of Academies of Sciences in Asia, *Towards a Sustainable Asia : Environment and Climate Change* (Berlin, Heidelberg: Springer, 2011), 87-88.

⁴⁰⁴ GMS Environment Operations Center, "Greater Mekong Subregion Core Environment Program: Ten Years of Cooperation," (Thailand: GMS Environment Operations Center, 2017).

latest modelling tools in support of decision-making at the government level. Moreover, the GMS-CEP emphasises building national capacity to conduct strategic environmental assessments to serve for the planning process. In the case of Vietnam, the GMS-CEP supported the government of Vietnam to conduct an assessment of its national power development plan for 2011–2020 and the Quang Nam Provincial Land Use Plan, 2011–2020.⁴⁰⁵

Conclusion

The launch of the GMS Program provided Hanoi an option to implement its omnidirectional foreign policy since the 1990s. Regional cooperation facilitated Vietnam's consolidation of its existing relationships with traditional and neighbouring partners while expanding relations to former adversaries and new partners. Moreover, membership in the GMS Program provided an opportunity for Vietnam to normalise its relations with China after a decade of estrangement. China's participation in the GMS Program proved beneficial for two reasons. First, the GMS Program was the only mechanism in the region that included both countries. Second, the membership of all upper and Lower Mekong riparian states in the GMS facilitated the GMS mechanism that coordinated Mekong River resource usage for energy production, irrigation and transportation development.

The Vietnamese government had both political and economic motivations to join the GMS Program. Moreover, Vietnam held concerns for the wellbeing of the Mekong River because it is a crucial water resource for rice production, fishing, hydroelectric power and tourism. Any actions by upstream Mekong countries, especially China, that led to reduced water levels or changes to the ecosystem

⁴⁰⁵ Ibid.

would have severe consequences for Vietnam. Without effective cooperative mechanisms, water conflicts were likely to occur in the future.

Although GMS cooperation has been reticent to address water cooperation, environmental issues are included in its agenda as a priority sector. It is expected that increased cooperation in other fields will eventually restrain members in their usage of the Mekong's waters. It can be observed that Vietnam made calculations to be an active member in the GMS Program with the view to uphold peace, expand relationships with traditional and new partners, attract more resources and investment to reconstruct and develop the country.

Regional cooperation and integration are key elements in attaining Vietnam's national development goals. One of the notable features of the GMS Program is that it is not controlled by any dominant power because its members have full and equal ownership. Therefore, GMS countries, including Vietnam, can shape the agenda in ways that most benefit them. Regional cooperation was used by Vietnam first as a practical means to consolidate existing relationships and to foster new ones in the context of a changing world system. Second, the GMS Program was utilised as a major source of aid and technical assistance for economic and social development. Third, the GMS Program was seen as viable forum through which upstream and downstream countries could talk about resources management, although not to the extent that Vietnam expected. Finally, the GMS Program can help construct a region that is more interconnected, in terms of not only physical connections, but also to develop a Mekong community⁴⁰⁶ that shares the same interests and concerns.

The next chapter investigates GMS regionalisation in the context of Vietnam's border zones. It is evident that GMS regionalisation occurred because the

⁴⁰⁶ Mekong community refers to the Mekong Region that has been socially constructed that shares the same interests and concerns.

Vietnamese government perceived the necessity of regional cooperation when there were significant domestic and external developments. The process was driven by the central government in tandem with the GMS Program to meet the demands of the country and the region. The favourable conditions encouraged cooperation at different levels and various dimensions. This process will be examined in Chapter 6 to elucidate the process at subnational level.

Chapter 6: The role of local government in regional cooperation—the case of GMS-ECTD

Introduction

Chapters 4 and 5 examined the rationale for the regionalisation process in the GMS, with a focus on the motivations of the Vietnamese government in joining and maintaining its membership in the GMS Program. This analysis confirmed that the process of regionalisation was begun and driven by the central government, which had a clear vision to utilise cooperation to serve Vietnam's national interests, particularly in the transitional period. Additionally, the process of cooperation was facilitated by the convention that member states could decide which projects they wanted to join.

The GMS Summit Declaration issued by the GMS leaders in November 2002 pronounced that the program's vision was to 'free people from poverty and provide sustainable development opportunities for all their citizens.'⁴⁰⁷ To achieve this vision, the GMS needed to be increasingly integrated via the development of GMS markets to increase the movement of goods and people across common borders. The determination to attain this vision was manifested through the involvement in the program by the highest level of governments of GMS members.

Vietnam's national government stimulated the regionalisation process by jointly investing in the development of infrastructure, introducing policies to facilitate trade and investment and improving living standards of the residents. Apart from the central government, the process was energised by a variety of participants who sought to gain benefits from 'increased scales of economies, greater

⁴⁰⁷ ADB, "Joint Summit Declaration: 1st GMS Summit of Leaders," (2002).

flexibility and improved access to information, technology and know-how'.⁴⁰⁸ Increasing economic interaction led to the emergence of cross-border opportunities and challenges, that required shared responsibilities between the central government and subnational levels to face newly emerging issues. Moreover, increased involvement by the local governments, which was authorised by the central government, boosted the transaction flows in social, cultural and economic terms.

The empowerment of local governments and decentralisation allowed subnational units to be more proactive in exploiting new economic and diplomatic opportunities and to maximise their interests in regional cooperation within the framework of existing policies. Significantly, decentralisation enabled provinces to participate in the global economy and establish regional and international contacts.⁴⁰⁹ Additionally, the proactive involvement of the provincial government provided further input for the central government on new opportunities and issues that otherwise might have been neglected.⁴¹⁰

This chapter is divided into three sections. The first section provides an overview of the first generation of the GMS-ECTD, with a focus on Vietnam's component. Additionally, the section analyses the coordination between the ADB, the central and local governments to illuminate the extent to which each stakeholder participated in project planning and implementation and coordination among them. The following section examines the responsibilities of provincial governments, particularly in fulfilling the national commitments in subregional projects. Further, the section discusses the relations between the central and local

⁴⁰⁸ Sasuga, *Microregionalism and governance in East Asia*.

⁴⁰⁹ Peter T. Y. Cheung and James T. H. Tang, "The external relations of China's Provinces " in *The making of Chinese foreign and security policy in the era of reform, 1978-2000*, ed. David M. Lampton (Stanford, CA: Stanford University Press, 2001).

⁴¹⁰ Sasuga, *Microregionalism and governance in East Asia*.

governments in the context of regional cooperation. Finally, the chapter concludes by considering how the local governments contributed to the regionalisation process in a broader context and the factors that affected regionalisation. This chapter focuses on three towns in the GMS-ECDT project as case studies: Dong Ha, Lao Bao and Tay Ninh.

The relationship between the ADB, central and provincial governments

Regionalisation has increased interdependence among states and the need for governments to coordinate. According to liberalists, international institutions are created to better achieve gains and manage new problems and challenges arising from globalisation. Woods contends that regional institutions play a role in shaping international politics because they allow states to redefine their interests in a more cooperative way and require members to act based on agreed rules and standards.⁴¹¹ In the GMS Program, although member states are not bound by certain rules, norms or decisions, regional cooperation was started and has been maintained through shared visions, common interests and agreed goals.

Further, cooperation requires GMS countries to adhere to its principles and requirements during operation while it is moving towards a more institutionalised structure with different levels of working mechanisms, a more efficient secretariat and stronger commitments to subregional development. In brief, the GMS Program has been shaped by the mixture of interests, beliefs and values of its member countries. Similarly, the member states act in the way that the program expects them to do to get the most from cooperation. In principle, the regional cooperative scheme influences actions of its member states and can also

⁴¹¹ Ngaire Woods, "Chapter 15: International Political Economy in an age of globalisation," in *The globalization of world politics: An introduction to international relations*, ed. John Baylis (US: Oxford University Press, 2011).

be used as a means to achieve its members' goals.⁴¹² Importantly, cooperation could not be achieved if states were not willing to or were incapable of implementing its projects and policies.

In the wake of new regionalism, the de-territorialisation of the nation-state through formation of cross-border cooperation has become a salient feature of new regionalism.⁴¹³ The rise of cross-border schemes has given more responsibility to subnational administrations, such as provincial governments to manage foreign relations, which creates a new relationship between the national and subnational level.⁴¹⁴ In some cross-border projects, there is even some authority shift to the subnational level, in which provincial governments have more authority and autonomy to deal with regional cooperation.

Additionally, the involvement of subnational units also arises from the reality that foreign relations currently operate simultaneously in multiple political arenas. In particular, some foreign issue areas begin to acquire political characteristics associated with domestic policy.⁴¹⁵ Hence, it is unwise for policymakers to ignore local interests and concerns in developing foreign policy. At this point, there arises a need to compromise with local interests in the pursuit of international objectives. Hocking asserts, 'national governments often find it impossible to serve community interests from a single centre of power'.⁴¹⁶ The boundary between foreign policy and domestic policy is becoming increasingly blurred. The section below illustrates the compromise between a regional

⁴¹² Brian Hocking, *Localizing foreign policy: Non-central governments and multilayered diplomacy* (New York: St. Martin's Press, 1993), 13.

⁴¹³ Sasuga, *Microregionalism and governance in East Asia*.

⁴¹⁴ *Ibid.*

⁴¹⁵ Hocking, *Localizing foreign policy: Non-central governments and multilayered diplomacy*.

⁴¹⁶ *ibid.*, 11-13.

scheme, national and local governments to understand how the mechanism worked in the context of the first GMS-ECTD in Vietnam.

Introduction to the GMS-ECTD project—the first generation

Urbanisation is occurring at a fast rate in Southeast Asia, it reached 42 per cent in 2010 and is expected to rise to 65 per cent by 2050.⁴¹⁷ Obviously, GMS countries cannot stay out of the trend and will undergo radical transformation in terms of economic development and international transport connectivity in the coming period.

To some extent, urban development can support regional cooperation and integration through transport and border facilities, construction of markets and trading centres, joint logistics centres and transport terminals. The idea of the GMS-ECTD project was to turn urban areas in the GMS into engines of national economic growth, which would become connecting points in which goods, services, labour and capital would flow more freely between urban and rural areas and within the subregion.⁴¹⁸

Importantly, the GMS-ECTD focused on border towns, which used to be closed areas or permitted only for mutual visits of local people for daily necessities due to security reasons and their distance to central control. Consequently, border towns in the GMS tend to be less developed compared to other parts of the country and often house some of the poorest communities because of their peripheral locations.⁴¹⁹ As a result, border areas are usually the least attractive places to

⁴¹⁷ ADB, "Urban development in the Greater Mekong Subregion," ed. Florian Steinberg and Januar Hakim (Philippines: Asian Development Bank, 2016).

⁴¹⁸ "Vietnam: Greater Mekong Subregion corridor towns development project," in *Semiannual report* (Asian Development Bank, 2017).

⁴¹⁹ Toshihiro Kudo, "Border Area Development in the GMS: Turning the Periphery into the Center of Growth," *Economic Research Institute for ASEAN and East Asia* (2009).

investors, both domestic and foreign, because of their poor infrastructure, physical inaccessibility and are usually unapproachable due to governmental restrictions. However, the revival of intra-trade since the 1990s, together with improvements in subregional transportation, required the GMS countries to develop border economies due to increasing demands for frequent cross-border movements in terms of goods and people.

The GMS-ECTD project aimed to improve infrastructure that could generate economic activities and equip towns with sufficient capacity for urbanisation. The towns selected for the projects were located along the main regional transport networks and had the best potential to become growth engines that could boost the development of the entire economic corridors.⁴²⁰

In 2010, the ADB approved the first development project, which covered ten towns along the EWEC and SEC of three countries, Laos, Cambodia and Vietnam. The project was expected to transform these towns into economic hubs by improving their urban environmental infrastructure and strengthening the institutional capacities of provincial and other local authorities on urban management over six years from 2012 to 2018.⁴²¹

The environment of the towns would be improved through building wastewater treatment and solid waste management facilities and implementing flood control measures to enhance the resistance of the towns to climate change. Three towns in Vietnam were included in the first generation of the project, including Dong Ha city and Lao Bao town (Quang Tri province) and Moc Bai town (Tay Ninh

⁴²⁰ ADB, "Greater Mekong Subregion Economic Corridor Town Project: Project overview," (2012).

⁴²¹ Ibid.

province).⁴²² The project assisted these three towns to meet urban criteria set out by the National Urban Development Program, while at the same time to become a driving force for economic development in the GMS.

Additionally, the project would contribute to the implementation of the ADB's Strategic Framework 2020, with the aim to promote regional cooperation, integration and harmony by strengthening relationships between government and the private sector and improving environmental management. Below is a brief introduction to the three corridor towns (also see Figure 6.1):

- Dong Ha City is the political, economic and cultural centre of Quang Tri province, which is located in the north central region of Vietnam. It borders with Laos to the west and the South China Sea to the east. The city lies on the intersection of National Highway 1A and National Highway No. 9, which connects to Laos, Thailand and Myanmar through the international border Lao Bao–Dansavanh on the EWEC. The strategic location of Dong Ha makes it a promising investment and commercial centre of the EWEC.
- Lao Bao is a town in the Huong Hoa mountainous border district of Quang Tri province. The Lao Bao International Border Gate⁴²³ is located on National Highway No. 9, a portion of Trans-Asia Highway (AH16), which connects to Laos, Thailand and Myanmar. It is a part of Lao Bao

⁴²² Ten towns from the first generation of the project included four towns from Cambodia (Battambang, Poipet, Neak Loeung, Bavet), three towns from Laos (Kaysone Phomvihane, Phine and Dansavanh) and three towns from Vietnam (Dong Ha, Lao Bao and Moc Bai).

⁴²³ There are four border-gate categories classified by the Vietnamese government: international border gates, state border gates, provincial border gates and border points. International and state border gates based on agreements between two central governments, whereas only international border gates allow third-country citizens to pass through. Currently, Vietnam has 20 international border gates; seven with Laos and nine with Cambodia. See Bien phong Viet Nam [Vietnam's Border Guard], "Cửa khẩu quốc tế biên giới Việt Nam đến các nước Trung Quốc, Lào, Campuchia [Vietnam's international border gates to China, Laos and Cambodia]," <http://bienphongvietnam.vn/nghien-cuu-trao-doi/tu-lieu/471-abcde.html>.

Special Economic and Commercial Zone (SECZ), which includes two towns and five communes. Lao Bao SCEZ was established on 12 November 1998 pursuant to Decision no. 219/1998/QĐ-TTg.⁴²⁴

- Moc Bai is both an international border gate and a BEZ. According to Decision No.1849/QĐ-TT by the Prime Minister, Moc Bai town includes Ben Cau district and Moc Bai BEZ.⁴²⁵ Moc Bai has a unique geographical advantage because it is located on the trans-Asia highway and is only 73 km from Ho Chi Minh City, which is the biggest commercial centre of Vietnam and 170 km from Cambodia's capital, Phnom Penh. Moc Bai shares a long border with Cambodia, which acts like a trade gateway between Tay Ninh province and Cambodia. It has become a new destination for big manufactures as well as small and medium enterprises. With the advantage of being located on the SEC, Moc Bai was selected to become an economic trade zone by Vietnam's government and Tay Ninh's Provincial People's Committee. Like Lao Bao, Moc Bai was among the few BEZs permitted to implement open 'non-tariff' policies for the commercial and industrial areas within the BEZ.

⁴²⁴ An Le, "Tổng kết 20 năm xây dựng và phát triển Khu kinh tế - Thương mại đặc biệt Lao Bảo [Summary of 20 years of construction and development of Lao Bao Special Economic - Commercial Area]," Date, Dang Bo Tinh Quang Tri [Quang Tri Provincial Party], <https://tinhuyluongtri.vn/-tong-ket-20-nam-xay-dung-va-phat-trien-khu-kinh-te-thuong-mai-dac-biet-lao-bao>.

⁴²⁵ The Decision was on 'Approval on adjustment of the general planning of construction of Moc Bai Border Gate Economic Zone, Tay Ninh province to 2020', 10 November 2009. The decision also identified Moc Bai town as an economic, cultural and scientific technological centre of Tay Ninh Province and the Southeast region of Vietnam.

Source: Economic Corridors in the Greater Mekong Subregion ⁴²⁶

The three towns, especially the two border towns, experienced a rapid increase in the flows of commodities, people and vehicles since the improvement in transport infrastructure, particularly roads, with the implementation of GMS economic corridors in 1998.⁴²⁷ To assist these towns to be more capable in dealing with developmental issues, ten subprojects were designed to develop physical and institutional capacity with the view to better contribute to the sustainability and prosperity of the country and the region.⁴²⁸ In terms of institutional capacity, the project focused on improving the management skills of local governments, which were expected to benefit them both in the short- and long-term when the region became integrated with increased flows of investment, goods and people. Table 6.1 summarises the 10 subprojects in Vietnam:

Table 6.1: Subprojects in Quang Tri and Tay Ninh provinces

Subproject	Location	Description
Dong Ha urban roads	Dong Ha City – Quang Tri province	Construction of 6 roads (18.9 km)
Hieu River Embankment	Dong Ha City – Quang Tri province	Construction of 3 sections (6.01 km)

⁴²⁶ greatermekong.org, "Map of economic Corridors in the Greater Mekong Subregion ", <https://greatermekong.org/content/economic-corridors-in-the-greater-mekong-subregion>.

⁴²⁷ Masaya Shiraishi, "Southern Economic Corridor: Moc Bai - Ba Vet Border," in *Border Economies in the Greater Mekong Subregion*, ed. Masami Ishida (London: Palgrave Macmillan UK, 2013).

⁴²⁸ ADB, "Socialist Republic of Viet Nam: Greater Mekong Subregion Corridor Towns Development Project," (n.p.: Asian Development Bank, November 2012).

Lao Bao urban roads	Khe Sanh and Lao Bao town – Quang Tri province	Construction of 5 works (13,942.87 m)
Dong Ha Material Recycle Facility	Dong Ha City – Quang Tri province	Technical infrastructure, grade IV (construction area 0.24 ha)
Solid Waste Collection and Treatment System	Tan Thanh commune, Huong Hoa district – Quang Tri province	Technical infrastructure, grade III (including 3 items: Access road to the landfill, 4.8 km; substation and 22 kV line, 4.8 km; landfill, 4.86 ha)
Lighting system	Dong Ha, Lao Bao and Hieu River Embankment – Quang Tri province	Construction and installation of urban lighting systems for the roads Dong Ha, Lao Bao and Hieu River Embankment of Dong Ha city (42,144.0 m)
Moc Bai Water Supply System	Moc Bai urban area, Ben Cau district– Tay Ninh province	Upgrade drainage system and construction of water supply factory (capacity of 7,000 m ³ per day)
Moc Bai Urban road	Moc Bai urban area, Ben Cau district– Tay Ninh province	Construction of 5 traffic roads (11.75 km)
Moc Bai Wastewater Treatment Plant	Moc Bai urban area, Ben Cau district– Tay Ninh province	Improvement of wastewater treatment to reduce environmental impact (capacity

			9,000 m ³ /day, first phase
			3,000 m ³ /day)
Material Recovery Facilities	Thanh Duc commune, Go Dau district – Tay Ninh province		Installation of materials recovery facilities on the existing dumpsite (capacity 8 tonnes of waste per day)

Source: ADB ⁴²⁹

Coordination between the ADB, national government and local governments

To implement cooperative initiatives and seize opportunities arising from regional cooperation, local governments along the economic corridors were empowered by the central government to be involved in the GMS project during different phases. The maxim of the GMS Program is ‘Thinking Regionally, Acting Locally’, in which provincial governments have become important stakeholders with the main responsibilities of implementing GMS commitments within their provinces.⁴³⁰

Further, the involvement of GMS governors and city mayors was formalised through the launch of the Governors’ Forum in 2008 by the GMS Program. The forum includes the governors whose provinces are along or adjacent to GMS

⁴²⁹ Project Management Unit of Quang Tri Province, "Greater Mekong Subregion Corridor Towns Development Project - Quang Tri Component," in *Safeguards Monitoring Report* (Quang Tri 2018). Project Management Unit of Tay Ninh Province, "Vietnam: Greater Mekong Subregion Corridor Towns Development Project - Tay Ninh component," *ibid.* (Tay Ninh). When the fieldwork was conducted during early 2018, these subprojects were progressing at different paces and requested extensions because most subprojects were not be able to be completed as scheduled.

⁴³⁰ Thi Hong Nhung Nguyen, *Vai trò của chính quyền địa phương trong hợp tác Tiểu Vùng Sông Mê Công Mở Rộng* [The role of local governments in the Greater Mekong Subregion Cooperation] (Ha Noi: Nha xuất bản Khoa Hoc Xa Hoi, 2011).

economic corridors.⁴³¹ Although the Governors' Forum has not significantly contributed to the development of the GMS, particularly in economic corridor development, it does reflect the recognition of the importance of local governments in the process of regional cooperation.⁴³² The activeness and efficiency of local governments is a crucial element to achieve the aspirations of the GMS governments for increased connectivity, enhanced competitiveness and community participation.

As the initiator and main sponsor of the GMS Program, the ADB was present throughout the process as a main stakeholder, whose responsibilities included initiating and financing the project, supervising and coordinating project implementation, and providing training to local officials.

Provincial governments joined the project as an implementation agency and a bridge between residents' communities, the private sector with the central government and the ADB. Provincial governments had two agencies and one unit responsible, including the Provincial People's Committee (PPC), the Department of Planning and Investment (DPI) and the project management unit (PMU). Coordination between the ADB, central government and provincial government was described as follows:

Before the project, ADB consultants had carried out survey along the main corridors and suggested potential locations and subprojects on the basis that the project would bring benefits to the people living in these towns and turn the corridors into free-poverty ones. Then there were meetings between the ADB and the central government to evaluate the

⁴³¹ 21st GMS Ministerial Conference, "Study on strengthening the Greater Mekong Subregion Programs's institutional framework."

⁴³² Ibid.

flexibility of the project proposal. The government agreed with the proposal because it aligned with Vietnam's development strategy; moreover, the project would be largely financed by ADB's loans. At the beginning, the ADB worked directly with the central government, not with the provincial government. However, when the project was officially implemented, the central government decided to authorise Quang Tri's government to work directly with the ADB and to be point of contact of the project.⁴³³

In principle, the central government was the governing body that was primarily responsible for the project in Vietnam. Although the subprojects were implemented at the local level, Hanoi's approval was crucial for the entire process. However, the local governments advised the central government about the feasibility of the project in their provinces. Additionally, progress on project implementation was largely dependent on the vision, enthusiasm and management capacity of local governments.⁴³⁴

The coordination between the ADB, central government and provincial governments of two provinces in the project is depicted in Figure 6.2:

⁴³³ Interview with Nguyen Huy from DPI, Quang Tri

⁴³⁴ Discussion with interviewees during the fieldwork in 2016-2017

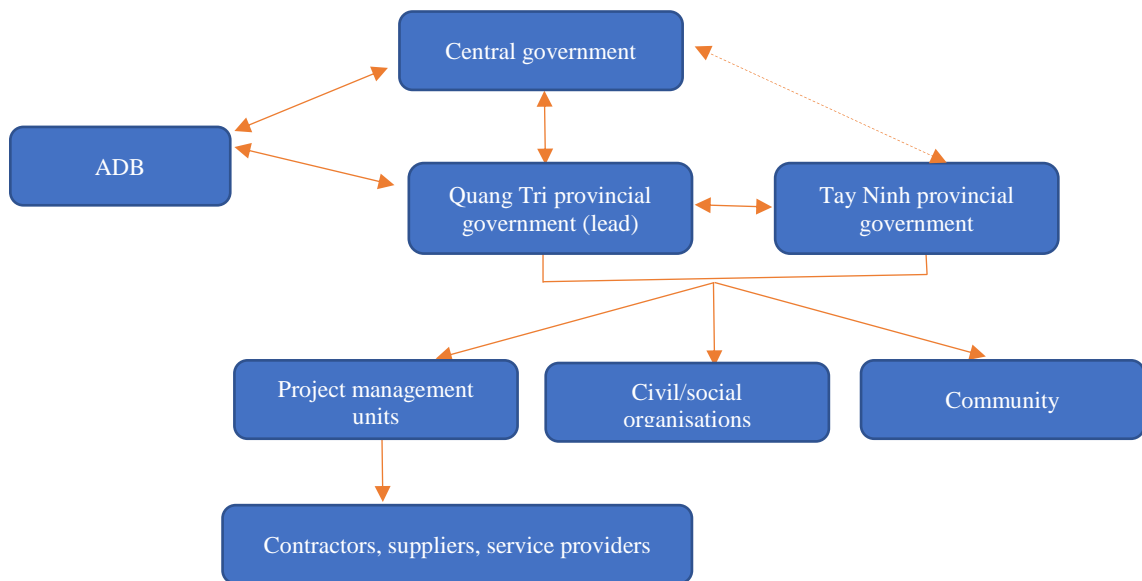


Figure 6.2: Relationships between stakeholders in the GMS-ECTD

Source: Compiled by author

Defining the role of local governments in fulfilling national commitments in the GMS Program

Decentralisation—economic transition and cooperation

Decentralisation is a broad concept, which is used by scholars from different disciplines, including public administration, political science and economics; therefore, providing a concise meaning of the term is not an easy task. In general, decentralisation is regarded as the transfer of fiscal, political and administrative functions from higher to lower and smaller-scale entities in a political system. Decentralisation can take different forms depending on how much power is assigned to lower levels.⁴³⁵

⁴³⁵ Pranab Bardhan, "Decentralization of Governance and Development," *Journal of Economic Perspectives* 16, no. 4 (2002).

There are three basic forms of decentralisation: deconcentration, delegation and devolution.⁴³⁶ This classification often falls under administrative decentralisation that concerns the autonomy of local governments in relation to central governments. Administrative decentralisation is defined as ‘the transfer of responsibilities to lower administrative levels at the discretion of upper levels to facilitate more effective implementation’.⁴³⁷ Deconcentration occurs when the central government assigns certain functions or responsibilities to lower levels or regional branch offices but retains central power. Delegation occurs when local governments carry out defined tasks on behalf of the central government. Devolution occurs when local governments take the entire responsibility for defined tasks and these activities are out of direct control of the central government. Among the three levels, deconcentration has the least amount of autonomy, whereas devolution possesses the greatest degree of autonomy.

In Vietnam, ‘chính quyền địa phương’ is translated as ‘local governments’, ‘local administration’ or ‘local authority’. Although the term had been used extensively and widely in the Party’s documents, the state’s legal documents, media as well as leaders’ speeches, the term was not officially defined until 2013 when the national Constitution was revised. The term local government replaced People’s Council and People’s Committee.⁴³⁸ The position of local governments in the

⁴³⁶ Clay G. Wescott, "Hierarchies, networks, and local government in Vietnam," *International Public Management Review* 4, no. 2 (2003); Aaron Schneider, "Who Gets What from Whom? The Impact of Decentralisation on Tax Capacity and Social Spending," *Commonwealth & Comparative Politics* 44, no. 3 (2006); Joop de Wit, "Decentralisation, local governance and community participation in Vietnam," in *Upgrading the capacity of local authorities in Planning and Managing Social-Economic Development in Rural Vietnam* (The Hague, the Netherlands: Institute of Social Studies, 2007).

⁴³⁷ Scott A. Fritzen, "Probing System Limits: Decentralisation and Local Political Accountability in Vietnam," *Asia Pacific Journal of Public Administration* 28, no. 1 (2006).

⁴³⁸ Chapter IX of the 2013 Constitution, entitled *The Local Governments* includes five articles regulating roles, functions, duties and relationships with the central government. Conversely, the 1992 Constitution did not have a separated provision regulating the role, functions and

political system and their relationship to the central government as well as with other governmental bodies and organisations was regulated in the 2015 Law on Organization of Local Administration.⁴³⁹ Pursuant to Article 112 of the Constitution 2013, local governments are charged with: 1) organising and ensuring the implementation of the Constitution and laws within their jurisdictions; and 2) carrying out administrative functions that are assigned by national legislation.⁴⁴⁰

In terms of administrative structure, there is now a clear hierarchy divided into four levels: central government, provincial government, district government and communal government. Vietnam's local administration includes three further levels. Each level has a People's Council and a People's Committee. At present, Vietnam's local governments consist of 63 units at the provincial level, 714 units at the district level and 11,162 units at the commune level.⁴⁴¹

The People's Committee, with its budgetary and administrative responsibilities, is an executive arm of the People's Council at that level. The PPC, which reports to the Provincial People's Council, is the key decision-making body at the

duties of local governments but implied through the regulations of people's council and people's committee.

⁴³⁹ 'Chinh Quyen Dia Phuong' can be translated as either 'local government' or 'local administration', including the people's council and people's committee. The Law on Organization of Local Governments regulates the responsibility and authority, organisation and operation and the relationship between local governments and socio-political organisations. Ngan Ha, "Chính quyền địa phương trong Hiến Pháp 2013 [Local governments in 2013 Constitution]," Ban Nội Chính Trung Ương [The Central Department of Internal Affairs], <http://noichinh.vn/nghien-cuu-trao-doi/201405/chinh-quyen-dia-phuong-trong-hien-phap-nam-2013-294518/>.

⁴⁴⁰ "The Constitution of the Socialist Republic of Vietnam," <http://www.chinhphu.vn/portal/page/portal/chinhphu/NuocCHXHCNVietNam/ThongTinTongHop/hienphapnam2013>.

⁴⁴¹ Vietnam Law & Legal Forum, "Current local administration system in Vietnam," <http://vietnamlawmagazine.vn/current-local-administration-system-in-vietnam-6058.html>.

provincial level.⁴⁴² Although the roles and responsibilities of local governments are regulated by law, they vary among provinces, especially in investment promotion and the streamlining of business regulations. Generally, provinces that can attract more investment have more flexibility in governance. That is, the more extra revenues they can earn from investment, the less dependent they are on the central government because they have more funds to spend on public services and infrastructure.⁴⁴³

Decentralisation is a part of a broader process of transformation in Vietnam that was promoted together with economic reform towards a more open and market-oriented economy. According to Kerkvliet, too much centralisation is ‘incompatible with the market economy that has replaced the centrally planned one’; therefore, there arose a need to share central power with lower levels in economic reform.⁴⁴⁴ Although the central government still retains decision-making power, local governments now have more authority in decision-making regarding the socioeconomic development of their own provinces.

Deconcentration is the main type of decentralisation occurring in Vietnam, in which decision-making power remains centralised, although the central government has dispersed some responsibilities to provincial offices to implement certain tasks. As a result, the role of provinces varies, which is also true in regional cooperation in which the role of deepening cooperation of provinces is dependent on specific fields of cooperation. In the case of the GMS

⁴⁴² Law on organisation of People’s Council and People’s Committee in 2003 (No. 11/2003/QH11)

⁴⁴³ Peter J. Morgan and Long Q. Trinh, "Fiscal decentralization and local budget deficits in viet nam: An empirical analysis," (Asian Development Bank Institute, 2016).

⁴⁴⁴ Benedict J. Kerkvliet, "Surveying local government and authority in Contemporary Vietnam," in *Beyond Hanoi: Local government in Vietnam*, ed. David G. Marr (Singapore: Institute of Southeast Asian Studies, 2004), 15.

Program, the contribution of provincial government is clearly manifested in the areas of transport connectivity, trade and investment, human resources development and environmental protection.

Contribution of local governments to national commitments in regional cooperation

Vietnam's central government participated in the GMS-ECTD project through its representative agencies and ministries and local governments at various levels. These stakeholders were required to participate in two main activities policymaking and project planning and implementation. GMS leaders' summits and ministerial meetings issued policy guidance on regional policies and investment frameworks through agreements and joint statements. In the development of new strategies, it was common that the ADB would consult with its stakeholders, including shareholders, member country government officials at national and provincial levels, civil society groups, the private sector and the international development community to improve the effectiveness, quality and sustainability of its operations and to increase stakeholder ownership of program activities.⁴⁴⁵

In principle, the two main stakeholders of the GMS-ECTD project in Vietnam were the ADB and the central government because it was a loan project and the central government was required to be a party. Therefore, the central government was the highest body responsible for the project. The ADB worked directly with the central government during the preparation phase to develop the components of the project.

⁴⁴⁵ ADB, "Consultations with Stakeholders," <https://www.adb.org/about/policies-and-strategies/new-strategy/consultation-activities>.

However, when it came to implementation, the central government delegated responsibility to the provincial government, the PPC, to work with the ADB.⁴⁴⁶ Quang Tri province was assigned to be the main point of contact and assisted Tay Ninh province in the implementation process.⁴⁴⁷ Quang Tri's PPC hosted the meetings between different stakeholders and wrote quarterly reports on the project, based on the input provided by Tay Ninh PPC. Generally, the local governments got involved in both phases, although their role was limited in policy-making process but was more influential during implementation, in which the ADB worked directly with the provinces. In the context of decentralisation, the local governments were more flexible in creating the provincial development plan and spending provincial budget on the provision of public services.

The following section considers how and to what extent provincial governments became involved in cooperation and how they promoted cross-border cooperation based on incentives granted by the central government. At the provincial level, the PPC and the DPI were the key stakeholders. The role of the PPC was performed through the following duties:⁴⁴⁸

- First, as an executive agency, the PPC ensured that the procedures abided by the conditions of the Loan Contract and the ADB's rules and regulations, especially environmental and social safeguards policies.
- Second, the agency was responsible for submitting quarterly and annual reports to the ADB and reports to Hanoi when required.

⁴⁴⁶ Interviews with Nguyen Duc Hoang from PMU, Quang Tri and Nguyen Huy from DPI, Quang Tri

⁴⁴⁷ Interviews with Nguyen Huy from DPI, Quang Tri and Nguyen Duc Tan PPC, Quang Tri

⁴⁴⁸ During the fieldtrip to Dong Ha, Quang Tri province, the project coordinator provided us with a *Project Management Manual* in which it stipulates the roles and duties of the project's stakeholders. Further, interviewees also confirmed the duties of their agencies during interviews in December 2017 – January 2018. Project Management Unit of Quang Tri Province, "Sổ tay hướng dẫn thực hiện dự án [Project implementation manual]," (2013).

- Third, on behalf of the central government, the PPC approved procurement plans, bidding documents, bidding evaluation reports and awarded contracts.

The DPI, an implementation agency, was in direct control of the activities of the PMU. The DPI performed regular quality control and inspections of the project's components and handed them over to operational and maintenance agencies. The agency coordinated between the PMU and the PPC and paid close attention to the implementation of the Environment Management Plan for the ADB had displayed concern regarding environmental issues in all its projects.⁴⁴⁹

To ensure the smooth implementation of the project, local governments learned how to coordinate with the regional body and national agencies.

Running a project was a learning process for the local governments, in which the local governments had a chance to become acquainted with new procedures and requirements set by a regional body. It was also an opportunity for the local governments to enhance their capacity and to position themselves in a broader environment.⁴⁵⁰

Although there were many difficulties when the local governments were allowed to participate in the project, the local governments themselves perceived this as an excellent opportunity for the province in the long-term. A government official in Quang Tri observed:

The central government greatly supported Quang Tri to join the project for two main reasons. Firstly, Quang Tri is located

⁴⁴⁹ Ibid.

⁴⁵⁰ Interviews with Nguyen Huy and Nguyen Nhan from DPI of two provinces

*on the main axis of the EWEC. Secondly, Quang Tri is one of the poor provinces of central Vietnam 70% of the budget comes from the central government. The project is a great opportunity for the province to improve urban infrastructure, particularly urban environment and livelihood of urban citizens. Therefore, the provincial leaders strongly determined to try our best in this project to lay the foundation for the local development and showcased our capacity in project management to assure the potential investors in the future.*⁴⁵¹

The training and skills gained from the project helped local officials to become more capable in project management; this enhanced the credibility of the local authorities.⁴⁵² Moreover, improved management skills by local leaders paved the way for the development of their provinces in the future, particularly in the context where more investment would be attracted to the provinces once the infrastructure system was in place. Besides tangible outcomes of the project in promoting regional cooperation, the GMS project had a two-fold impact on local governments: indirectly empowering them in regional cooperation and equipping them with knowledge and skills ready for regional cooperation. For instance, one of the components of GMS ECTD project was training local governments and project officers on wide range of topics such as: international purchase and bid, environmental management in regional cooperation, gender, or women empower. These activities did not only assist them in implementing this project

⁴⁵¹ Interview with Nguyen Huy from DPI, Quang Tri

⁴⁵² Interview with Nguyen Duc Hoang from PMU, Quang Tri

alone but also prepared them in operation and management in later stages and built up their knowledge in implementing regional projects.⁴⁵³

To some extent, regionalisation enabled local governments to become more open in terms of providing information and interaction with grassroots people.⁴⁵⁴ For example, to fulfil the requirement of ADB in publishing data on the project, Quang Tri's DPI updated information about the GMS-ECTD project on its website.⁴⁵⁵ Gradually, provincial officials allocated a separate space for the GMS program on their website and frequently updated the project's progress to inform the public (see Appendix B). Moreover, the provincial government facilitated the participation of grassroots people in the process through the formation of people's supervision groups [tổ giám sát nhân dân] in various residential suburbs to oversee the project's implementation. The objectives were to meet the requirements of publicity and transparency, minimise complaints and contribute to improved effectiveness of community investment.⁴⁵⁶

However, this project alone could not turn the three towns into growth engines as anticipated by GMS program planners. The GMS-ECTD project only laid the

⁴⁵³ Project Management Unit of Quang Tri Province, "Sổ tay hướng dẫn thực hiện dự án [Project implementation manual]."

⁴⁵⁴ The active participation of Quang Tri's provincial government was also reflected in the way local leaders were open to share information during interviews. When being contacted for interview, Quang Tri's leaders were quite approachable, helpful and open to discuss about the GMS project. On the contrary, Tay Ninh government was inaccessible. The public information about the subprojects was limited and government officials were not willing to talk about the project. It was partly due to the fact that personnel in charge of the GMS project were changed several times, so current officials were not familiar with the regulations and procedures, which prevented them to confidently discuss the project.

⁴⁵⁵ Visit: <https://dpi.quangtri.gov.vn/vi/gms/>

⁴⁵⁶ In Quang Tri, there were forty-eight groups formed to carry out supervision of the GMS-ECTD project. The groups were set up by the decisions of the ward's Fatherland Front, where the project occurred. This initiative was praised by the ADB because it could open the floor for people's participation, which maximized the efficiency of the project (Interview with Hoang, project's coordinator).

foundations for further development of the corridor towns. Therefore, one of the tasks of local governments was to draw up development strategies along with this project to generate sufficient changes in their provinces.⁴⁵⁷

In brief, the local governments that participated in the GMS program had three main responsibilities:⁴⁵⁸

- i) The role of local governments commenced when the ADB's consultation team carried out a preliminary study of the project. The provincial and district governments provided information requested by the ADB team about the provinces, particularly localities, where the potential subprojects would take place. Moreover, the input from the local governments helped the ADB and central government define the project's components and locations. In this case, the PPCs provided advice on subprojects based on the provincial development strategy and orientation until 2020, before the project was officially launched in 2012. Particularly, the local governments provided information about the local socioeconomic situation, population demographics, especially on gender, ethnic groups and livelihood to the ADB and partners.
- ii) The role that local governments performed throughout project implementation was clearly crucial. The provincial government was in charge of the entire process of implementation. Noticeably, local governments had a key role in moving and resettling residents to clear land for the project. This activity was vitally important to projects that required land clearance. Local governments also joined various

⁴⁵⁷ Interview with Nguyen Duc Hoang from PMU (Quang Tri), Nguyen Huy and Nguyen Nhan from DPI

⁴⁵⁸ This conclusion was drawn from: (1) Project management Manual, (2) interviews conducted by the author.

activities in the process of implementation, with assistance from domestic and international consultants.

Local governments became the main stakeholders who worked with the ADB on the central government's behalf. This was a learning process in which the local governments were expected to adopt new rules and regulations and adjust their administrative procedures to better cooperate. The local governments at different levels participated in a series of training sessions and workshops, including new regulations and procedures applied to the project, with the aim of enhancing professional skills and developing new management methods to ensure consistency from the top to bottom of the system. In the framework of the GMS-ECTD, there were training workshops on contract management, project management, preliminary environmental assessment plans, gender action plan, operation and maintenance.

Regionalisation facilitated the participation of local governments in regional projects and simultaneously enhanced their capacity. Local governments had a chance to become familiar with regional practices that otherwise would not have happened.

- iii) Local governments, being a beneficiary of the project, had a responsibility to maintain and promote the outcomes of the project. This was a challenging task because local governments needed to effectively utilise completed works while synchronously developing other components to achieve the goals in the socioeconomic development strategy.

The role of local governments in deepening bilateral relationships

As discussed in Chapter 1, the process of regionalisation is stimulated and accelerated by several simultaneous processes within a geographical area. These

processes include economic factors such as investment flows, the growth of markets, and the involvement of the private sector. Regionalisation is fostered and accelerated by various processes of socialisation, including cultural and social transactions at different levels. This section focuses on how local governments strengthened regional cooperation based on the foundation built by the GMS Program and other factors that influenced the process.

One of the priorities of the GMS Program was to carry out projects that had a regional impact. The projects could be implemented at regional, national or local levels. Many GMS Program development projects specifically focused on economic development and improving living conditions of certain localities, so specific needs, local conditions and local interests were considered during project planning and implementation.

Moreover, the planning and implementation of projects required interaction between various groupings, governmental and non-governmental and across national boundaries, which created a complex network of relationships. To some extent, regional issues were dealt with locally and local issues were addressed by regional cooperation. Accordingly, as pointed out by Hocking, there was a demand for 'more autonomy and greater freedom for local jurisdictions to operate internationally.'⁴⁵⁹ This process is known as foreign policy localisation, and comprises two dimensions. First, the greater involvement at international level the harder it is to meet local satisfaction. Therefore, subnational units are expected to participate more to address their own interests and needs. Second, national government seek to share their responsibilities of managing foreign relations through empowering local governments in specific functional areas.⁴⁶⁰

⁴⁵⁹ Hocking, *Localizing foreign policy: Non-central governments and multilayered diplomacy*.

⁴⁶⁰ *Ibid.*, 14.

In the framework of the GMS Program, local governments, apart from the responsibilities of fulfilling the implementation of the projects, attempted to cement bilateral relationships by conducting their own policies. Take the case of Quang Tri and Tay Ninh governments for example. First, the provincial governments prioritised economic cooperation with their counterparts across the border. The economic priorities included attracting investment, especially from neighbouring countries, increasing trade volume and developing common infrastructure to boost economic activities. Additionally, local governments undertook activities to forge friendships through educational and cultural exchanges. These exchanges occurred frequently in the border provinces between the government and grassroots levels. These commitments were often formalised by cooperation agreements, which were signed by two or more provinces between the two countries.⁴⁶¹

In reality interactions between the border provinces pre-existed the launch of the GMS Program. Local people within the border zones interacted with each other on daily basis, especially through trading in frontier markets, particularly since the 1990s. For example, the amicable relations between Vietnam–Laos–Cambodia enabled the process of cooperation through a relaxation of border-crossing regulations, in which local inhabitants of adjacent communes used their national ID card or laissez-passer as identification document issued by the provincial police instead of a passport to visit the localities along the border.⁴⁶²

Moreover, the relationships between the three Indochinese countries were often characterised as ‘special relationships’ by Vietnamese leaders and held an

⁴⁶¹ Interviews with local authorities

⁴⁶² Vietnam’s Ministry of Defense issued a circular no.181/2005/TT-BQP on implementation of the government’s decree no.32/2005/ND-CP on the regulation on border gates on July 11, 2005. The local inhabitants can use different types of IDs in substitution of passport to cross borders.

important position in Vietnam's foreign policy.⁴⁶³ Additionally, Vietnamese local authorities were instructed by the central government to hold annual meetings with adjacent Cambodian and Laotian provinces. Interactions at the local level were conducted within the space provided by the central governments. The nature and degree of interaction in regional cooperation resulted from the special features of each set of bilateral relations between Vietnam–Laos and Vietnam–Cambodia.

Vietnam–Laos

Vietnam and Laos share a 2,067-kilometre border. Vietnam and Laos established diplomatic relations on 5 September 1962. In 1976, Kaysone Phomvihane and Le Duan used the term 'special relationship' for the first time to refer to Laos-Vietnam relationship.⁴⁶⁴ During two trips of senior Lao government delegations to Vietnam in February and August-September 1976, several agreements (e.g. general principles governing the relations, ranges of cooperation areas, non-refundable aid and interest-free loans) were reached.⁴⁶⁵ On 18 July 1977, shortly after the conclusion of the Vietnam War, the two governments signed a treaty

⁴⁶³ The bilateral relations between Vietnam–Laos and Vietnam–Cambodia are often described as being like 'lips and teeth', which refers to intimacy, trust and solidarity during ups and downs in wartime as well as peacetime. A slogan of Vietnam–Laos relations often mentioned by the two countries leaders is 'The river may run dry, mountains may erode, but the relationships between Vietnam and Laos is "forever green, forever sustainable" (Mãi mãi xanh tươi, đời đời bền vững)'. See To Dinh Tuan, "Quan hệ Việt Nam - Lào: "Mãi mãi xanh tươi, đời đời bền vững"! [Vietnam-Laos relationships: Forever green, forever sustainable]," Đảng bộ Thành Phố Hồ Chí Minh [Ho Chi Minh City's Communist Party], <https://www.hcmcpv.org.vn/tin-tuc/quan-he-viet-nam-lao-%E2%80%9Cmai-mai-xanh-tuoi-doi-doi-ben-vung-1491837029>. Han Giang, "Năm đặc biệt trong quan hệ Việt Nam -Lào - Campuchia [Special year in Vietnam-Laos relations]," *The world & Vietnam Report*, <http://baoquocte.vn/nam-dac-biet-trong-quan-he-viet-nam-lao-campuchia-65711.html>.

⁴⁶⁴ Carlyle A. Thayer, "Laos and Vietnam: The Anatomy of a "Special Relationship", in *Contemporary Laos-Studies in the Politics and Society of the Lao People's Democratic Republic*, ed. Martin Stuart-Fox (New York: St. Martin's Press and Brisbane: University of Queensland Press, 1982).

⁴⁶⁵ *Ibid.*, 252-53.

that delimited the land boundary between the two countries. Border demarcation works were finished after a completing treaty was signed on January 24, 1986.⁴⁶⁶ The success of the demarcation process was one of the factors that contributed to generally trouble-free relations between Laos and Vietnam. Vietnam's Communist Party General Secretary, Nguyen Phu Trong explained:

*The destinies of the two nations were bounded together during their struggle for national independence and unity ... By all means, we must maintain and protect the Vietnam–Laos relations like protecting the pupil of our eyes.*⁴⁶⁷

Statements made by the Party chief affirmed the special friendship between Vietnam and Laos, which laid a solid foundation for cooperation at the local level. As a result, cooperation between Quang Tri province and provinces in Laos was more open and embraced relatively diverse areas of cooperation, including politics, diplomacy, defence and security, education and training, economics, trade, investment and science and technology, and occurred vigorously at both local governments and community.⁴⁶⁸

⁴⁶⁶ The two countries also signed a supplementary treaty to the border treaty in 2007. See Martin Gainsborough, *On the borders of state power : frontiers in the greater Mekong sub-region* (London: Routledge, 2009)..

⁴⁶⁷ VOV, "Ceremony celebrates Vietnam-Laos diplomatic relations," <https://english.vov.vn/politics/ceremony-celebrates-vietnamlaos-diplomatic-relations-354829.vov>.

⁴⁶⁸ Currently, there are 435 Vietnamese projects in Laos with a total capital of over USD 5.2 billion, which made Vietnam one of the biggest investors in Laos. The investment areas include hydropower, mining, transportation and planting industrial trees. See Xuan Binh, "Việt Nam-Lào-Campuchia: Hợp tác, hữu nghị và phát triển [Vietnam-Laos-Cambodia: Cooperation, Friendship and Development]," *Cảnh sát nhân dân* [Public Security], <http://canhsatnhandan.vn/Home/Print/1851/Viet-Nam-Lao-Campuchia-Hop-tac-huu-nghi-va-phat-trien>.

During the wartime, thousands of people in Quang Tri voluntarily fought in Laos and many of them died there. Following the war, many activities were held to commemorate the comradeship that created a strong spiritual bond between the people of the two countries. Quang Tri, and Laos' Savannakhet and Salavan provinces frequently conducted exchanges between high-level delegations, professional delegations and working delegations, which tightened friendships among the governments and people. For example, there was an annual exchange program between the youth of Quang Tri province and Savannakhet province, which was held alternately in the two provinces. The exchange program included various cultural–musical and sport activities for youth as well as voluntary work to help young people of the two countries build mutual understanding and friendship.⁴⁶⁹ In addition, there were several annual voluntary programs organised by Vietnam to help the Lao people. These voluntary activities were aimed at strengthening ties with Laos, contributing to the expansion of the EWEC, and stabilisation of the border zone.⁴⁷⁰

Additionally, Quang Tri's authorities supported two provinces in Laos financially and technically to undertake social welfare projects. Quang Tri authorities also encouraged local entrepreneurs to invest in Laos to promote the

⁴⁶⁹ Thuy An and H. Thanh, "Gặp gỡ hữu nghị thanh niên 2 tỉnh Quảng Trị - Savannakhet [Youth exchange between of Quang Tri - Savannakhet province]," Tỉnh Ủy Quang Trị [Quang Tri Province's Party], <https://tinhuyluongtri.vn/gap-go-huu-nghi-thanh-nien-2-tinh-quang-tri-savannakhet>; Gia Han, "Giao lưu hữu nghị biên giới Việt Nam - Lào năm 2019 [Friendship exchange between Vietnam - Laos borders in 2019]," Baomoi, <https://baomoi.com/giao-luu-huu-nghi-bien-gioi-viet-nam-lao-nam-2019/c/31529502.epi>; Vinh Quy, "Ngành GD&ĐT Quảng Trị tăng cường hợp tác, giao lưu quốc tế [Education and Training Department of Quang Tri enhances cooperation and international exchange]," Ministry of Industry and Trade of the Socialist Republic of Vietnam, <https://moit.gov.vn/tin-chi-tiet/-/chi-tiet/nganh-gd-%C4%91t-quang-tri-tang-cuong-hop-tac-giao-luu-quoc-te-12863-402.html>.

⁴⁷⁰ Linh Phan, "Tuổi trẻ Quảng Trị triển khai chiến dịch tình nguyện tại Savannakhet [Quang Tri youth conduct a volunteer campaign in Savannakhet]," Nhan Dan Online, https://www.nhandan.com.vn/nation_news/item/36696002-tuoi-tre-quang-tri-trien-khai-chien-dich-tinh-nguyen-tai-savannakhet.html; Xuan Binh, "Việt Nam-Lào-Campuchia: Hợp tác, hữu nghị và phát triển [Vietnam-Laos-Cambodia: Cooperation, Friendship and Development]".

development of the border, such as building factories or setting up farms to grow agricultural produce in Laos. For example, Quang Tri Rubber Company under Vietnam Rubber Group invested in rubber plantations and rubber processing plants in Savannakhet and Salavan provinces. Further, there were contracts between several localities in Laos to grow cassava to provide raw materials for production at the Huong Hoa Tapioca Starch Factory.⁴⁷¹

Additionally, because the two countries have the same political system, Vietnam offered political training to Lao cadres that reflected the familial, affectionate and trusting relationship. For example, Le Duan Political School of Quang Tri province trained cadres for Salavan and Savannakhet provinces. From 2008, there were about 1,000 cadres trained by the school, particularly the province offered administrative training for 25 Salavan cadres on an annual basis.⁴⁷²

Quang Tri and Salavan provinces successfully installed the last boundary marker out of 68 stone markers along the borderline in 2012. This was considered as a great achievement for the Vietnam–Laos relationship in general and the two provinces in particular.⁴⁷³ Additionally, Quang Tri's leaders promoted friendship with neighbouring provinces not only with Laos but also Thailand via people-to-people interactions, cultural exchange activities, education and tourism. One of

⁴⁷¹ Department of Investment and Planning of Quang Tri province at <https://dpi.quangtri.gov.vn/>

⁴⁷² Quang Tri Portal, "Quảng Trị tăng cường hữu nghị hợp tác với 2 tỉnh Savannakhet và Salavan của nước bạn Lào [Quang Tri strengthens the friendship with Savannakhet and Salavan provinces of Laos]," <http://tinhuyluongtri.vn/quang-tri-tang-cuong-hop-tac-huu-nghi-voi-02-tinh-savannakhet-salavan-cua-nuoc-ban-lao>; Quang Tri Province's Communist Party, "Vai trò của tỉnh Quảng Trị trong việc góp phần tăng cường tình hữu nghị Việt - Lào trong giai đoạn hiện nay [The role of Quang Tri province in contributing to strengthening Vietnam - Laos friendship in the current period]," <http://tinhuyluongtri.vn/vai-tro-cua-tinh-quang-tri-trong-viec-gop-phan-tang-cuong-tinh-huu-nghi-viet-lao-trong-giai-doan-hien-nay>.

⁴⁷³ From interviews with Quang Tri's leaders conducted in December 2017. See more "Vai trò của tỉnh Quảng Trị trong việc góp phần tăng cường tình hữu nghị Việt - Lào trong giai đoạn hiện nay [The role of Quang Tri province in contributing to strengthening Vietnam - Laos friendship in the current period]".

the important events is the ‘Nhip Cầu Xuyên Á’ (Trans-Asia Bridge Span) Festival, which is held alternatively by provinces along the EWEC. The event was held every three years from 2004 to promote cultural exchanges and display the potential and strength of provinces along the EWEC.⁴⁷⁴ Additionally, there were regular sporting activities, such as volleyball and tennis competitions either held by Quang Tri (Vietnam) Savannakhet (Laos), Mukdahan (Thailand), KhonKen (Thailand) or Nakhomphanom (Thailand) to strengthen friendship among provinces along the EWEC.

Moreover, the provincial authorities were aware that they should be well-prepared for subregional integration, starting with the labour force. In an interview with Quang Tri’s official, it was revealed that:

*Quang Tri is the first province on the EWEC to send students to study in Thailand since 2012. According to preliminary statistics, there are about 200 students pursuing their study at universities in Northeast Thailand. This has been the labour force provided for neighbouring provinces in Vietnam such as Da Nang, Hue in terms of integration because Lao people can also understand Thai language; thus, learning Thai can enable more cooperation and interaction along EWEC. Equally, qualified labour force will help the province seize more opportunities brought by cooperation and integration.*⁴⁷⁵

⁴⁷⁴ It is planned to hold the festival every three years from 2004. However, following the second festival, which took place in 2007, it was suspended for two years and then resumed in 2012. In 2015, the festival changed to the Trans-Asia Bridge Span Industry and Trade Fair, with the aims of concentrating more on economic cooperation, promoting domestic brands and products, while establishing trade links and cultural exchange with foreign partners.

⁴⁷⁵ Interview with Nguyen Duc Tan from DPI, Quang Tri

Quang Tri also wanted to promote integration via language training. For example, Quang Tri's province assigned Vietnamese language teachers to Laos to instruct students and overseas Vietnamese on a regular basis. Quang Tri's educational institutions also offered Vietnamese language courses for Lao students.⁴⁷⁶ Besides language, a wide range of cooperation areas were targeted. Lao citizens are treated at medical units of border outposts in Vietnam.⁴⁷⁷ It appears that both provinces are proactive in maintaining and strengthening relations with their counterparts across the border.

Vietnam–Cambodia

The Kingdom of Cambodia and the Democratic Republic of Vietnam established diplomatic relations on 24 June 1967.⁴⁷⁸ Vietnam and Cambodia share a 1,137 km long land border. Thayer argued that the borderline and cross-border security issues are two thorny issues between Vietnam and Cambodia, which strongly influenced the relationship between two countries.⁴⁷⁹ The People's Republic of Kampuchea (PRK) and Vietnam signed two major land border agreements in 1983 and 1985. The Treaty on the Delimitation of the Vietnam–Kampuchea Frontier was signed and ratified in 1985; but it was not recognised

⁴⁷⁶ Education and training and human resource development are priority areas besides economic cooperation in Vietnam–Laos cooperation. There are 9,295 Lao officials and students studying in Vietnam and 425 Vietnamese students studying in Laos. See Vietnam Plus, "Quang Tri, Lao border province review cooperation," <https://en.vietnamplus.vn/quang-tri-lao-border-province-review-cooperation/135216.vnp>. Xuan Binh, "Việt Nam-Lào-Campuchia: Hợp tác, hữu nghị và phát triển [Vietnam-Laos-Cambodia: Cooperation, Friendship and Development]".

⁴⁷⁷ Quang Tri Portal, "Quảng Trị tăng cường hữu nghị hợp tác với 2 tỉnh Savannakhet và Salavan của nước bạn Lào [Quang Tri strengthens the friendship with Savannakhet and Salavan provinces of Laos]".

⁴⁷⁸ Carlyle A. Thayer, "Cambodia and Vietnam: Good Fences Make Good Neighbours," in *Cambodia : Progress and Challenges since 1991*, ed. Mark Hong, Sothirak Pou, and Geoff Wade (Singapore: ISEAS Publishing, 2012).

⁴⁷⁹ Ibid.

by all parties in Cambodia for most of the 1990s. Additionally, the Cambodian conflict and domestic political situation prevented further demarcation until 1999.⁴⁸⁰ In the 1990s, leading Cambodian political leaders openly accused Vietnam of violating its borders and the border issue remained a source of tension for nearly a decade.⁴⁸¹

Although Cambodia and Vietnam both use the term ‘special relationship’ to describe their bilateral relations this linkage is not as strong as Lao-Vietnam special. relations due to three irritants – disputes over land and sea borders and Cambodia’s treatment of ethnic Vietnamese residents. These issues generated tensions in bilateral relations and both countries tried to settle them through a host of working visits following the Paris Peace Accords in 1991. Since 2000, bilateral talks have made some progress particularly the agreement on a Supplementary Treaty on October 10, 2005, which settled the land border issue between the two countries. By the end of 2018, eighty-four per cent of border demarcation work was completed.⁴⁸² Resolving border disputes is the sine qua non of improved bilateral relations and the creation of a positive atmosphere for collaboration along the border.

While Vietnam and Cambodia have stressed the importance of strengthened bilateral relations and expanded cooperation, border and immigration issues continue to be the major issues on the agenda at high-level meetings. The two

⁴⁸⁰ Gainsborough, *On the borders of state power : frontiers in the greater Mekong sub-region*.

⁴⁸¹ Ramses Amer, "Border Conflicts between Cambodia and Vietnam," *IBRU Boundary and Security Bulletin Summer* (1997); Ramses Amer and Nguyen Hong Thao, "The Management of Vietnam's Border Disputes: What Impact on Its Sovereignty and Regional Integration?," *Contemporary Southeast Asia* 27, no. 3 (2005).

⁴⁸² Hung Cuong and Tran Khanh, "Việt Nam và Campuchia đạt thỏa thuận quan trọng về phân giới cắm mốc [Vietnam and Cambodia reached important agreement on demarcation]," *Voice of Vietnam*, <https://vov.vn/chinh-tri/viet-nam-va-campuchia-dat-thoa-thuan-quan-trong-ve-phan-gioi-cam-moc-745821.vov>.

countries have made a great effort to manage contentious issues through formal negotiations.⁴⁸³ For example, they established a joint commission to deal with bilateral issues. Additionally, the border offices of the two countries holds occasional meetings every three or six months to discuss border-related issues.⁴⁸⁴

Long unsettled disputes between Vietnam and Cambodia are more or less influenced by interaction and cooperation between provinces along the shared borders. As a result, trust among people in Laos and Cambodian towards the Vietnamese has varied. While Lao people are quite friendly and open, a proportion of Cambodian people, especially in the disputed border zones, have fragile trust in their Vietnamese counterparts, which affects the relations between the border provinces.⁴⁸⁵

Bilateral relations have focused more on building trust and maintaining cooperation rather than deepening and expanding these elements. In this context, Vietnam cooperates with Cambodia more traditional and non-traditional security issues, including border control and patrol, cross-border smuggling and human trafficking. However, provincial governments also developed their own initiatives to facilitate the movement of goods and people and to promote cross-

⁴⁸³ Senior delegations of Cambodia and Vietnam have maintained official visits to one another including visits of: Secretary General Nguyen Phu Trong (February 2019, July 2017), Prime Minister Hun Sen (December 2018), President of Cambodia's National Assembly Samdech Heng Samrin (June 2017), Prime Minister Nguyen Xuan Phuc (April 2017). See Minh Hue, "Tăng cường quan hệ hợp tác hữu nghị Việt Nam - Campuchia đi vào thực chất, hiệu quả hơn nữa [Strengthening Vietnam - Cambodia friendship and cooperation to be more practical and effective]," <http://www.tapchicongsan.org.vn/Home/Doi-ngoai-va-hoi-nhap/2019/54236/Tang-cuong-quan-he-hop-tac-huu-nghi-Viet-Nam-Campuchia.aspx>; Amer, "Border Conflicts between Cambodia and Vietnam."

⁴⁸⁴ Hong Dang, "Nâng cao hiệu quả công tác phối hợp quản lý, bảo vệ biên giới giữa Việt Nam và Campuchia [Improve the effectiveness of the coordination of management and protection of borders between Vietnam and Cambodia]," Quan Doi Nhan Dan Online <https://www.qdnd.vn/doi-ngoai/doi-ngoai-quoc-phong/nang-cao-hieu-qua-cong-tac-phoi-hop-quan-ly-bao-ve-bien-gioi-giua-viet-nam-va-campuchia-589575>.

⁴⁸⁵ Chatting with people and officials during fieldwork in December 2017.

border linkages. For example, Tay Ninh authorities were proactive in approaching and strengthening the relationship with Cambodia's provinces, including Svay Rieng, Prey Veng, Kampong Cham and Tbong Khmum. Tay Ninh province spent part of its budget to improve community roads and infrastructure in Cambodian provinces. Tay Ninh even partly financed the construction of Prey Veng's provincial headquarters.⁴⁸⁶

Remarkably, Tay Ninh and Prey Veng province signed a cooperation agreement covering various fields, including trade and investment, agriculture, forestry, culture, environment, border security and border marking in May 2018.⁴⁸⁷ Further, the provincial governments strengthened relations by sending delegations to visit Cambodia's provinces on special occasions, including Chol Chanam Thmay (traditional Cambodian New Year) or by sending a team to participate in the annual international boat race in Cambodia.⁴⁸⁸

Additionally, regular meetings are held between Tay Ninh's leaders and Cambodia's leaders at both central and local levels to discuss cooperation on

⁴⁸⁶ Dai Duong and Le Quan, "Âm tình hữu nghị Việt Nam - Campuchia [Cordial relationships between Vietnam-Cambodia]," Tây Ninh Online, <http://baotayninh.vn/am-tinh-huu-nghi-viet-nam-campuchia-a96187.html>.

⁴⁸⁷ Sai Gon Giai Phong Online, "Lãnh đạo hai tỉnh Tây Ninh và Prey Veng (Campuchia) ký kết thỏa thuận hợp tác [Leaders of Tay Ninh Province and Prey Veng Province (Cambodia) signed cooperation agreement]," <http://www.sggp.org.vn/lanh-cao-hai-tinh-tay-ninh-va-prey-veng-campuchia-ky-ket-thoa-thuan-hop-tac-519952.html>.

⁴⁸⁸ Tay Ninh Online, "Lãnh đạo tỉnh Tây Ninh dự lễ hội đua ghe tại Campuchia [Leaders of Tay Ninh province attended the boat racing festival in Cambodia]," Tay Ninh Online, <http://baotayninh.vn/la-nh-da-o-ti-nh-tay-ninh-du-le-hoi-dua-ghe-tai-campuchia-a92828.html>; Dai Duong and Le Quan, "Âm tình hữu nghị Việt Nam - Campuchia [Cordial relationships between Vietnam-Cambodia]". Tay Ninh Online, "Lãnh đạo tỉnh Tây Ninh chúc Tết cổ truyền dân tộc Khmer tại tỉnh Tboung Khmum và Prey Veng [Leaders of Tay Ninh province congratulate the Khmer traditional new year in Tboung Khmum and Prey Veng provinces] ", Tay Ninh Portal, <http://tayninh.bioportal.vn/Lists/TinTuc/DispForm.aspx?ID=10459&CategoryId=Ho%E1%BA%A1t%20%C4%91%E1%BB%99ng%20c%E1%BB%A7a%20%C3%A3nh%20%C4%91%E1%BA%A1o>.

some contentious issues, including border security, human trafficking and goods smuggling.⁴⁸⁹ The provincial government facilitated the process for Cambodian enterprises to invest in Vietnam's BEZs or industrial zones. As one provincial official stated:

*The local authorities have been working with the Cambodian side to open more border gates and forming a frontier-market network. Tay Ninh is implementing several policies calling for investment, cooperation and mutual exploitation to strengthen border commerce on the basis of traditional trading relations with Cambodia.*⁴⁹⁰

Conclusion

Decentralisation and the localisation of foreign policy are an inevitable by-product of globalisation, regional cooperation and integration. The above analysis makes it clear that local governments play a crucial role in the process of regionalisation, which embraces economic and socio-cultural interaction among different countries at different levels and leads to increased interdependence in a geographical space (see Chapter 1). In this case study, cooperation and integration accelerated once the overall diplomatic environment between the countries concerned improved.

⁴⁸⁹ "Công an Tây Ninh phối hợp với Cảnh sát Campuchia phòng, chống tội phạm về ma túy," Police Magazine, <http://tapchicanhsat.vn/nguyen-cuu-trao-doi/cong-an-tay-ninh-phi-hop-voi-canhsat-campuchia-phong-chong-toi-pham-ve-5295>; Sai Gon Giai Phong Online, "Lãnh đạo hai tỉnh Tây Ninh và Prey Veng (Campuchia) ký kết thỏa thuận hợp tác [Leaders of Tay Ninh Province and Prey Veng Province (Cambodia) signed cooperation agreement]".

⁴⁹⁰ Interview with Nguyen Nhan from DPI, Tay Ninh. He added that Tay Ninh was among the provinces that has a high PCI, which ranked 19/63 in 2017. It was assessed as good progress and joining of the economic corridor within the GMS has brought more opportunities to the province.

Additionally, the willingness and determination of central governments are crucial but insufficient to create a community if there is a lack of support and proactiveness from local governments. For example, partly thanks to the enthusiasm and determination of Quang Tri's provincial government, the GMS-ECTD project's components (seven out of ten components) progressed at a good pace. Quang Tri attempted to utilise the project to develop the province by increasing connections and cooperation with neighbouring provinces in Laos and Thailand. The desire to develop the local economy drove regionalisation and local governments were active to propose joint development plans, particularly between border towns, which unleashed the available potential and utilised the resources of stakeholders.

Bilateral and trilateral interaction gradually formed a space in which socialisation could occur and spontaneously promoted regional coherence. Besides local governments, the role of the private sector and grassroots level should be considered in the process of cooperation and integration to understand how and to what extent the regionness is being constructed. Chapter 7 sheds some light on these stakeholders to better understand their roles in the process.

Chapter 7: Regionalisation - a multidimensional process

Introduction

Building upon the analysis in Chapter 6, this chapter continues to explore socialisation and the influence of different factors in the process of regionalisation. This chapter also examines the case study of two border provinces, Quang Tri and Tay Ninh with a specific focus on their BEZs, Lao Bao and Moc Bai.

This chapter is divided into three sections. The first section discusses how regionalisation has catalysed the development of economic space in which local communities enjoy more interaction and contact with people from neighbouring countries in a more frequent and less restricted manner than previously. The establishment of BEZs, which is a kind of special economic zone (SEZ), resulted from the efforts of both central and local governments to utilise bilateral relationships with neighbouring countries to develop border areas. BEZs were established to utilise regional cooperation by taking advantage of resources from the ADB and other development partners to build infrastructure.

Moreover, BEZs proved to be beneficial for initiatives to promote the liberalisation of cross-border goods, vehicles and people (i.e., CBTA). The liberalisation of cross-border movement of goods and people had a positive impact on trade, investment, tourism, and the livelihoods of people who lived in the vicinity of the border. Besides, the GMS economic corridors added an extra option of transporting goods by land in addition to sea and air. This helped lower the logistical costs of firms operating in the BEZs. This in turn resulted in the promotion of foreign trade with neighbouring countries and with third-party countries. In sum, the first section of this chapter investigates the importance of two BEZs, the Lao Bao Special Economic–Commercial Zone (SECZ) and the

Moc Bai BEZ, for their host provinces and how the development of BEZs affected regionalisation in the GMS.

The second section examines the participation of the private sector in the national economy and in the implementation of the GMS Program. The section begins with a discussion of the ADB's view of the private sector in GMS member economies, then brings Vietnam's case into focus by examining how its government gradually incorporated the private sector into the national economy in an era of economic cooperation and integration. The Ease of Doing Business Index and Provincial Competitiveness are employed to evaluate the efforts by the Vietnamese government to level the playing field for the private sector.

Lastly, the third section presents the results of a survey conducted by the author, that was designed to elicit people's perceptions about the GMS Program and the region. The survey outcomes helped provide insight into the following research questions: whether or not regional awareness was formed in the project's area, how the project affected people's daily lives, and the connectedness between locals and the people of neighbouring countries. The outcomes of the survey revealed the extent to which the process of cooperation occurred in some micro-regions within the GMS.

This chapter provides an insight into regionalisation in Vietnam's border zones with Laos and Cambodia. Together with Chapter 6, this chapter generates a picture of GMS regionalisation that was not driven only by the state but also through a process of social construction by various actors from below.

Regionalisation as a catalyst opening special economic space

Regionalisation refers to an empirical process by which societies and economies become more integrated in different spheres; it is not limited to economic integration. Because regionalisation is mainly driven by non-state actors,

particularly by the investment and trade decisions of enterprises, it is less dependent on the deliberate policies of national governments. That is, regionalisation is based on 'transnational flows and networks' rather than cartography and political borders.⁴⁹¹ However, while enterprises might drive regionalisation, states enable it by creating an environment in which enterprises can invest and trade.

Regarding the GMS, regionalisation commenced as a result of decisions by national governments and was fostered by the proactive participation of subnational units and their increased interaction and cooperation in different dimensions, including culture, politics, security, economics and diplomacy among various actors at different levels.⁴⁹² The participation of local governments was enabled through the decentralisation of decision-making power from the central government, which encouraged provinces, particularly border provinces, to better collaborate with neighbouring partners on the basis of multilateral relationships and the utilisation of resources from regional development projects.

In the GMS, the development of economic corridors facilitated the creation of transnational economic networks among provinces along the corridors and helped to improve the effectiveness of BEZs. Simultaneously, cross-border collaboration promoted transnational trade, new economic activities and attracted more domestic and international investment. Additionally, local governments were well aware of the interconnectedness between local, regional

⁴⁹¹ Shaun Breslin, "Theorising East Asian Regionalism(s): New regionalism and Asia's future," in *Advancing East Asian Regionalism*, ed. Melissa Curley and Nicholas Thomas (Florence, United Kingdom: Routledge, 2006).

⁴⁹² Schulz Michael, Söderbaum Fredrik, and Öjendal Joakim, "Key Issues in the New Regionalism: Comparisons from Asia, Africa and the Middle East," in *Comparing Regionalisms: Implications for Global Development*, ed. Björn Hettne, Inotai András, and Sunkel Osvaldo (Basingstoke: Palgrave Macmillan, 2001).

and global economies in an era of regionalisation and globalisation. In an interview, a local authority argued that:

*Both Quang Tri and Savannakhet of Laos are poor provinces. It would be beneficial to both sides if the two provinces can better their economies. Therefore, it is necessary to connect stronger with Savannakhet in all dimensions. The development of the two provinces would be more feasible if they can develop simultaneously and each province will play as a lever to boost the economic and social development of the other.*⁴⁹³

Cooperative activities between provinces in different GMS countries, especially between those sharing the borders along the GMS economic corridors, became active recently. Border provinces in the GMS have been mostly poor, agriculture-based economies, which had limited access to national economic centres and basic essentials due to poor quality infrastructure, including roads, electricity and telecommunications. Therefore, cooperation with provinces on the other side of the border was attractive.⁴⁹⁴

Central and local governments implemented numerous initiatives to boost transnational economic relationships. One of the economic development models adopted by six GMS countries was the BEZ when strict regulations imposed on border transactions were relaxed by mid-1995. A BEZ is defined as ‘a local

⁴⁹³ Interviewee with Nguyen Duc Hoang from PMU, Quang Tri

⁴⁹⁴ Susan Stone and Anna Strutt, “Transport Infrastructure and Trade Facilitation in the Greater Mekong”, in *Trade Facilitation and Regional Integration in Asia*, ed. Douglas H. Brooks and Susan F. Stone (UK: Edward Elgar Publishing Limited, 2010).

economic zone that is formed in a limited geographical space in the vicinity of a border'.⁴⁹⁵

The first BEZ in Vietnam was Mong Cai in Quang Ninh province, which borders Guangxi province in China. As of 2017, there were twenty-eight BEZs in twenty-one provinces; the number was expected to reach thirty BEZs by 2020.⁴⁹⁶ The establishment of BEZs was determined by the central government through a Decision issued by the prime minister.⁴⁹⁷ The purpose of BEZs was to promote friendly relations with neighbouring countries, attract domestic and foreign investment, and contribute to stability and security in the border areas.

The BEZs enjoyed preferential policies regarding tax exemption, customs procedures, and labour policies; they were given priority in budget allocations for infrastructure in order to attract investors. BEZs were treated as SEZs in which economic development went hand in hand with the promotion of infrastructure.⁴⁹⁸ Farole and Akinci defined SEZs as follows:

⁴⁹⁵ Toshihiro Kudo and Masami Ishida, "Prologue: Progress in Cross-Border Movement and the Development of Economic Border Zones," in *Border Economies in the Greater Mekong Subregion*, ed. Masami Ishida (London: Palgrave Macmillan UK, 2013), 29.

⁴⁹⁶ According to Decision No. 52/2008/QĐ-TTg of the Prime Minister on decision on approving the project 'Planning of developing Vietnam's border economic zones to the year 2020' dated on April 25, 2008, there will be thirty border economic zones in which there are seven new zones by 2020. Prime Minister, "Decision No. 52/2008/QĐ-TTg of the Prime Minister on decision on approving the project 'Planning of developing Vietnam's border economic zones to the year 2020.'"

⁴⁹⁷ Decree No. 82/2018/NĐ-CP of regulations on management of industrial zones and economic zones on 22 May, 2018 stipulates that after a project proposal is submitted to the Ministry of Planning and Investment (MPI). The MPI need to consult related ministries and agencies to assess the proposal. If the proposal is eligible, the MPI shall submit to the Prime Minister for consideration and decision. "Decree No. 82/2018/NĐ-CP of regulations on management of industrial zones and economic zones".

⁴⁹⁸ UNCTAD, "World Investment Report 2018: Investment and new industrial policies," (New York and Geneva: United Nations, 2018).

Demarcated geographic areas contained within a country's national boundaries where the rules of business are different from those that prevail in the national territory. These different rules principally deal with investment conditions, international trade and customs, taxation and the regulatory environment; whereby the zone is given as a business environment that is intended to be more liberal from a policy perspective and more effective from an administrative perspective than that of the national territory.⁴⁹⁹

Although SEZs are located within national political boundaries, SEZs were formed to utilise bilateral and multilateral relationships to boost trade, especially cross-border trade. Moreover, SEZs were also helpful in stimulating border provinces and offsetting the concentration of population and economic activities of big cities. SEZs were often provided funds for investment in infrastructure by the central government and given preferential treatment in accessing foreign exchange.⁵⁰⁰

Vietnam has been an active GMS member in setting up border SEZs.⁵⁰¹ Lao Bao and Moc Bai were among the first BEZs established by Vietnam in 1998⁵⁰², the same year as the launch of the GMS economic corridors. The development of economic corridors entailed the improvement in infrastructure and liberalisation of cross-border regulations to facilitate the movement of vehicles, goods and

⁴⁹⁹ Thomas Farole and Gokhan Akinci, *Special Economic Zones: Progress, Emerging Challenges, and Future Directions* (Washington: The World Bank, 2011), 33.

⁵⁰⁰ Ibid.

⁵⁰¹ ADB, "The role of special economic zones in improving effectiveness of Greater Mekong Subregion Economic Corridors," (Manila: Asian Development Bank, 2018).

⁵⁰² Nguyen The Bang, "Vai trò của Khu kinh tế cửa khẩu đối với phát triển kinh tế - xã hội vùng biên [The role of border economic zones in socio-economic development in border region]".

people. Consequently, border SEZs in the GMS received substantial benefits from this GMS flagship program. Currently, there are four principle Vietnamese border SEZs in the GMS economic corridors; these are presented in Table 7.1:

Table 7.1: Border SEZs in GMS economic corridors

Corridor	Border SEZ	
North–South Economic Corridor	Mohan (China)	Boten (Laos)
	Thonpeung (Laos)	Golden Triangle (Myanmar)
	Riuli (China)	Muse (Myanmar)
	Pingxiang (China)	Dong Dang/Lang Son (Vietnam)
	Hekou (China)	Lao Cai (Vietnam)
	Mong Cai (Vietnam)	Fanchengang (China)
East–West Economic Corridor	Myawaddy (Myanmar)	Mae Sot (Thailand)
	Lao Bao (Vietnam)	Dansavanh (Laos)
Southern Economic Corridor	Savan-Seno (Laos)	Mukdahan (Thailand)
	Bavet (Cambodia)	Moc Bai (Vietnam)
	Poipet (Cambodia)	Aranyaprathet (Thailand)
	Koh Kong (Cambodia)	Trat/Souy Cheng (Thailand)

Source: ADB⁵⁰³

⁵⁰³ ADB, "The role of special economic zones in improving effectiveness of Greater Mekong Subregion Economic Corridors."

Lao Bao BEZ

As mentioned in Chapter 6, Lao Bao was sparsely inhabited by ethnic minorities such as the Pako and Van Kieu. Lao Bao border crossing in Quang Tri is one of the oldest routes between Central Vietnam and Laos and functioned for centuries before any physical border was delineated. Lao Bao constituted a gateway for contacts between Vietnamese traders and Lao settlements such as Sepon and Savannakhet.⁵⁰⁴ During the colonial era, the French invested in setting up a transport network to connect the landlocked country of Laos to the ocean. In 1895, the French started constructing route no. 9 from Savannakhet to Dong Ha, which currently is called the East West Economic Corridor.⁵⁰⁵ During the Vietnam War, Lao Bao border crossing area in particular and Quang Tri were among the most contested areas in the Demilitarised Zone (DMZ) located along the 17th parallel line in Quang Tri that divided Vietnam. As such, Quang Tri suffered heavy loss of lives and infrastructure.⁵⁰⁶ After the Vietnam War ended 1975, the government of Vietnam tried to develop border areas by implementing some incentives.

According to Hughes, border checkpoints have a dual orientation: they are places where flows and exchanges take place, but also where these are checked, channelled and sometimes, disrupted by agents of centralised states headquartered, often miles away.⁵⁰⁷ In this sense, starting from actions of the

⁵⁰⁴ Tana Li, *Nguyễn Cochinchina : Southern Vietnam in the seventeenth and eighteenth centuries* (Ithaca, NY: Southeast Asia Program Publications, Southeast Asia Program, Cornell University, 1998); Nguyen, "Potential economic corridors between Vietnam and Lao PDR: Roles played by Vietnam."

⁵⁰⁵ "Potential economic corridors between Vietnam and Lao PDR: Roles played by Vietnam."

⁵⁰⁶ Marilyn B. Young, *The Vietnam wars, 1945-1990* (New York: HarperCollins, 1991).

⁵⁰⁷ Caroline Hughes, "Soldiers, Monks, Borders: Violence and Contestation in the Greater Mekong Sub-region," *Journal of Contemporary Asia* 41, no. 2 (2011).

GMS Program, GMS countries began to transform the border perception from barriers between nation states into zones of cooperation. From 1992, Lao and Vietnamese governments agreed to develop Lao Bao – Densavanh border as a preferential commercial and investment area. The development was assisted by several projects launched by the GMS Program, such as: EWEC and CBTA, etc.

However, Lao Bao remained very poor until the beginning of the 1990s. In 1992, the governments of Vietnam and Laos began to discuss the establishment of SEZs in Lao Bao and Dansavanh.⁵⁰⁸ In November 1998, Lao Bao SEZ was established according to Decision No.: 219/QĐ-TTg of the Prime Minister, in line with a cooperation agreement between Vietnam and Laos⁵⁰⁹. The Lao Bao SEZ, serving as a gateway to Laos, Thailand and Myanmar in the EWEC, was expected to facilitate trade, tourism and services within the GMS countries, especially those involved in the EWEC.⁵¹⁰ Transforming Lao Bao – Dansavanh border crossing area to be an economic development area was one of the strategic programs to build regional cooperation and transform the border perception from the barriers of nation relations to the zones of cooperation.

The Lao Bao SEZ covers an area of 15,804 ha and includes the towns of Lao Bao and Khe Sanh. On January 12, 2005, Decision No. 11/2005/QĐ-TTg was issued

⁵⁰⁸ Masaya Shiraishi, "East-West Economic Corridor: Lao Bao - Dansavanh Border," in *Border Economies in the Greater Mekong Subregion*, ed. Masami Ishida (London: Palgrave Macmillan UK: 2013).

⁵⁰⁹ Prime Minister, "Decision No. 219/1998/QĐ-TTg on promulgating the regulations on Special Lao Bao Economic Commercial Zone, Quang Tri Province dated on November 12, 1998." Le, "Tổng kết 20 năm xây dựng và phát triển Khu kinh tế - Thương mại đặc biệt Lao Bảo [Summary of 20 years of construction and development of Lao Bao Special Economic - Commercial Area]"; Quang Tri's Radio and Television, "Khu Kinh tế thương mại đặc biệt Lao Bảo - 20 năm nhìn lại [Looking back 20 years of Lao Bao Special Economic-Commerical Zone]," <http://quangtriv.vn/tin-tuc-n19265/khu-kinh-te-thuong-mai-dac-biet-lao-bao--20-nam-nhin-lai.html>; Prime Minister, "Decision No. 219/1998/QĐ-TTg on promulgating the regulations on Special Lao Bao Economic Commercial Zone, Quang Tri Province dated on November 12, 1998."

⁵¹⁰ Vietnam Investment Review, *Lao Bao Economic Zone Attracts Investment*, <https://www.vir.com.vn/lao-bao-economic-zone-attracts-investment-15379.html>.

to change the zone into the Lao Bao SECZ to fully manifest its functions.⁵¹¹ Lao Bao includes an industrial zone with a special customs area and an economic zone with preferential policies. According to Decision No. 11, investors in Lao Bao SECZ are exempted from corporate income tax for four years after their first profitable year and are entitled to a fifty per cent reduction in taxes for nine subsequent years. Additionally, goods and services enjoy exemptions from import and export taxes. Significantly, right-hand driven cars from Thailand are allowed into the SECZ. Compared to other BEZs in Vietnam, Lao Bao is unique because it is under the direct control of the central government, whereas other BEZs are controlled by the PPCs. Lao Bao SECZ also enjoys financial support from the central government for the construction of basic infrastructure.

After twenty years of establishment, Lao Bao SECZ now has adequate infrastructure to serve socioeconomic development. There are 400 enterprises that have set up their businesses in the zone, compared to only twelve in 1998. There are sixty-three investment projects, of which fifty have been put into operation.⁵¹² The Lao Bao SECZ enjoyed preferential taxation and investment policies from 1998 to 2014. The zone has contributed substantially to the GDP of the province. However, in 2016 there were changes to taxation policy and the zone was no longer granted non-tariff zone status, so business operations at Lao Bao were adversely affected.⁵¹³

Local governments are now struggling to bring back the bustling times of earlier years. The creation of the Lao Bao SECZ resulted in the development of an area

⁵¹¹ Prime Minister, "Decision No. 11/2005/QĐ-TTg on promulgating the regulations of Sepcial Economic-Commercial Zone of Lao Bao, Quang Tri Province dated on June 12, 2005."

⁵¹² *Quang Tri's Management Board of Economic Zones*, <http://bqlkkt.quangtri.gov.vn/vi/news/tin-hoat-dong-ban/hoi-nghi-tong-ket-20-nam-hinh-thanh-va-phat-trien-khu-kinh-te-thuong-mai-dac-biet-lao-bao-12-11-1998-12-11-2018-186.html>.

⁵¹³ Quang Tri's Radio and Television, "Khu Kinh tế thương mại đặc biệt Lao Bảo - 20 năm nhìn lại [Looking back 20 years of Lao Bao Special Economic-Commerical Zone]".

where interaction in different dimensions occurred. For example, the area has intensive interactions between people in the region. For example, Lao residents in the border area can enter and stay for seven days with border IDs.⁵¹⁴ Importantly, the SECZ played an active role in attracting foreign investment, boosting trade and encouraging the participation of the private sector in economic activities.⁵¹⁵

Additionally, under the bilateral agreement between Laos and Vietnam within the CBTA, there was no limit set on the number of buses and trucks that could cross the border, whereas there was a quota of 500 trucks between Vietnam and Cambodia.⁵¹⁶ Moreover, vehicles from one territory were free to enter the other and allowed to stay up to thirty days on the EWEC. After the testing phase in Lao Bao, right-hand drive cars from Thailand were permitted to travel to Da Nang and other provinces in the EWEC.

Moc Bai BEZ

Moc Bai BEZ in Tay Ninh province was established in 1999 and enjoyed common preferential policies accorded to other BEZs. The Moc Bai BEZ is located on the Trans-Asia Road, which starts in Myanmar, transverses Thailand, Cambodia, Laos, and Vietnam and terminates in Quangxi, China.

It was expected that Moc Bai would become an international centre for trade and subregional cooperation for the provinces in southern Vietnam. The registered

⁵¹⁴ Uy Ban Nhan Dan Tinh Quang Tri [People's Committee of Quang Tri Province], "Decision No. 2421/2005/QĐ-UBND on promulgating temporary regulation on migration, immigration and travel at Lao Bao Special Economic - Commercial Zone dated on October 4, 2005."

⁵¹⁵ Le, "Tổng kết 20 năm xây dựng và phát triển Khu kinh tế - Thương mại đặc biệt Lao Bảo [Summary of 20 years of construction and development of Lao Bao Special Economic - Commercial Area]".

⁵¹⁶ Transport and Trade Facilitation, "About us ", Date <http://www.gms-cbta.org/about-us>.

area of the border gate was 7,000 ha and it is expected to expand to 7,400 ha by 2020. The total area of the economic zone is 21,283 ha, including an industrial zone, residential area and a trade and eco-tourism area.

Moc Bai is the largest border gate in the southern part of the Vietnam–Cambodia land border route. The zone launched several incentives to attract investors. For example, domestic and foreign investors were entitled to a fifty per cent reduction of land lease compared to the government's current price bracket. Foreign investors who transferred their profits abroad were entitled to the lowest rate in the tax bracket prescribed by law.⁵¹⁷ Moreover, products produced in the zones were exempted from VAT and Special Consumption Tax. From 1999 to 2002, like the other BEZs, the central government transferred fifty per cent of revenue to Moc Bai BEZ for the construction of basic infrastructure. After this period, financial support from the central government was provided to BEZs on a case-by-case basis.⁵¹⁸

Moc Bai BEZ also had special policies towards Cambodia in which entrepreneurs were allowed to transport goods to Vietnam, rent housing and get temporary residence in the zone⁵¹⁹. However, Moc Bai BEZ is now in the same situation as Lao Bao, with the tax exemption policy no longer in place. Tay Ninh

⁵¹⁷ Prime Minister, "Decision No. 210/1998/QĐ-TTg on application of pilot policies for developing the Moc Bai Border Gate Economic Zone dated October 27 1998." .

⁵¹⁸ Ibid.

⁵¹⁹ Uy Ban Nhan Dan Tinh Tay Ninh [People's Committee of Tay Ninh Province], "Feasibility Research Report on project of construction of transport system in Moc Bai, Tay Ninh Province " (2012).

also formed Xa Mat BEZ in 2003, but this zone was poorly planned and failed to attract foreign investors.⁵²⁰

Increased regional cooperation in the 1990s, plus financial support and technical aid from the ADB in the GMS, motivated Vietnam's government to establish BEZs with preferential policies to improve local economies and economic integration in the region. These BEZs developed provincial capacity in cooperation and integration and enhanced local and national competitiveness. As evidence, FDI in these provinces has been positive since the beginning of the 2000s. Table 7.2 presents the number of FDI projects licensed by the two provinces from 2010 to 2017. Quang Tri is still having difficulty in attracting FDI, whereas Tay Ninh performed much better. Conversely, the investment in Quang Tri has been stable and gained good progress compared to the last decade. Importantly, it is significant to the development of a province, in which 70 per cent of the annual budget is provided by the central government.⁵²¹

Table 7.2: FDI projects licensed by province

Name of province	Number of projects							
	2010	2011	2012	2013	2014	2015	2016	2017
Quang Tri	16	16	16	2	20	21	17	16
Tay Ninh	215	202	200	16	236	237	256	217

Name of province	Total registered capital (\$ million)							
	2010	2011	2012	2013	2014	2015	2016	2017
Quang Tri	82.5	67.7	67.7	12.5	84.7	85.6	77.5	60.5

⁵²⁰ Lao Dong, "Điều chỉnh 2 khu kinh tế cửa khẩu ở Tây Ninh [Adjusting two border economic zones in Tay Ninh]," <https://laodong.vn/kinh-te/dieu-chinh-2-khu-kinh-te-cua-khau-o-tay-ninh-576864.ldo..>

⁵²¹ Vietnam's General Statistics Office, "Statistical Year Books."

Tay Ninh	938.1	1442.6	1627.5	184.8	2754.8	3146.3	2409.8	5052.1
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Source: Vietnam's General Statistics Office⁵²²

BEZs cannot create themselves, taxes are not lowered on their own and money can only be legally exchanged with the permission of the government. Although the establishment of a BEZ may help to increase border trade, it cannot guarantee success because it requires a wide range of support and incentives from central and local authorities.⁵²³ Theoretically, economic regionalisation is largely driven by markets, rather than states. Nevertheless, while the private sector may drive regionalisation through investment and trade flows, the state plays a crucial role in creating the environment in which companies can advance their interests. For example, basic physical transportation of goods was funded by the government or at least by public-private partnerships rather than the private sector.⁵²⁴

A report to the German Bundestag concluded, 'The growing worldwide integration of economies came not by any law of nature-it has been the result of active and deliberate policies.'⁵²⁵ In this sense, regionalisation tends to occur on the basis of reliable public services. For some transitional countries, it is impossible to distribute equal services to the entire country; therefore, investing in certain zones like BEZs is more feasible and these zones have been used to pilot new reforms. It came as no surprise that BEZs have been successful in

⁵²² Ibid.

⁵²³ Nolintha Vanthana, 'Cities, SEZs and Connectivity in Major Provinces of Lao', in *Intra- and Inter-City Connectivity in the Mekong Region. Research Report. No. 6.*, ed. Masami Ishida (Bangkok: Bangkok Research Center, 2011).

⁵²⁴ Interviewee Nguyen Huy from DPI and Nguyen Duc Tan from PPC, Quang Tri

⁵²⁵ German Bundestag Study Commission (Select Committee), "Globalisation of the World Economy - Challenges and Responses," (2001).

attracting investment and production into the Mekong economies and the investment will drive further regionalisation.⁵²⁶

The provinces with BEZs enjoyed more benefits from regional cooperation when countries in the GMS moved towards a common subregional border crossing system to make it faster, easier and cheaper to move goods and people throughout the GMS by implementing the CBTA. Vietnam fully ratified the CBTA main agreement in 1999 and has since ratified its twenty annexes and protocols.⁵²⁷

Vietnam's central government has implemented SWI and Single-Stop Inspection (SSI) protocols at the Lao Bao–Dansavanh border-crossing points along the EWEC. The border checkpoints were the first in the GMS to implement this mechanism, which encouraged authorities on both sides to work closely to exchange ideas and adjust regulations to bring the most advantage to the people in the subregion. For example, banana trading in Vietnam encountered difficulties in 2015 when traditional markets temporarily closed. As a result, the price of bananas fell. To deal with the situation, Vietnam switched to Thailand's market. However, the clearance fee at Dansavanh border gate was too high at Lao Kip one billion for one tonne of fresh bananas (approximately US \$130), while the farmers and traders had to shoulder other costs as well.

The border and local authorities in Vietnam quickly negotiated with their Lao counterparts and both agreed to lower the clearance fee and allowed bananas to be transported by cars across the border.⁵²⁸ Border authorities of the two

⁵²⁶ ADB, "The role of special economic zones in improving effectiveness of Greater Mekong Subregion Economic Corridors."

⁵²⁷ Transport and Trade Facilitation, "Vietnam," <http://www.gms-cbta.org/vietnam>.

⁵²⁸ Nhan Dan Dien Tu, "Tháo gỡ khó khăn trong xuất khẩu chuối ở Quảng Trị [Removing difficulty in banana export in Quang Tri]," <http://www.nhandan.com.vn/kinhte/chuyen-lam-an/item/27652202-thao-go-kho-khan-trong-xuat-khau-chuoi-o-quang-tri.html>.

countries gradually learned to harmonise the procedures in the context of increased regional and bilateral interaction. Under this scheme, customs, quarantine and immigration clearance for passengers and cargo have been exercised only at the inward border checkpoint. Both sides had most of the required facilities for transport and trade facilitation. Border authorities of the two countries even used uniform nametags and badges, which was a good sign of cooperation and integration, although at a small scale.⁵²⁹

The liberalisation of the cross-border movements of goods provided various positive outcomes. For example, passengers and cargo passing through the border increased over the past six years, more so for passengers than cargo. The number of vehicles crossing the border between 2011 and 2016 are provided in Figure 7.1, which includes both cargo and passenger car units.

⁵²⁹ Currently, vehicles are moving under bilateral agreements only within the framework of the CBTA.

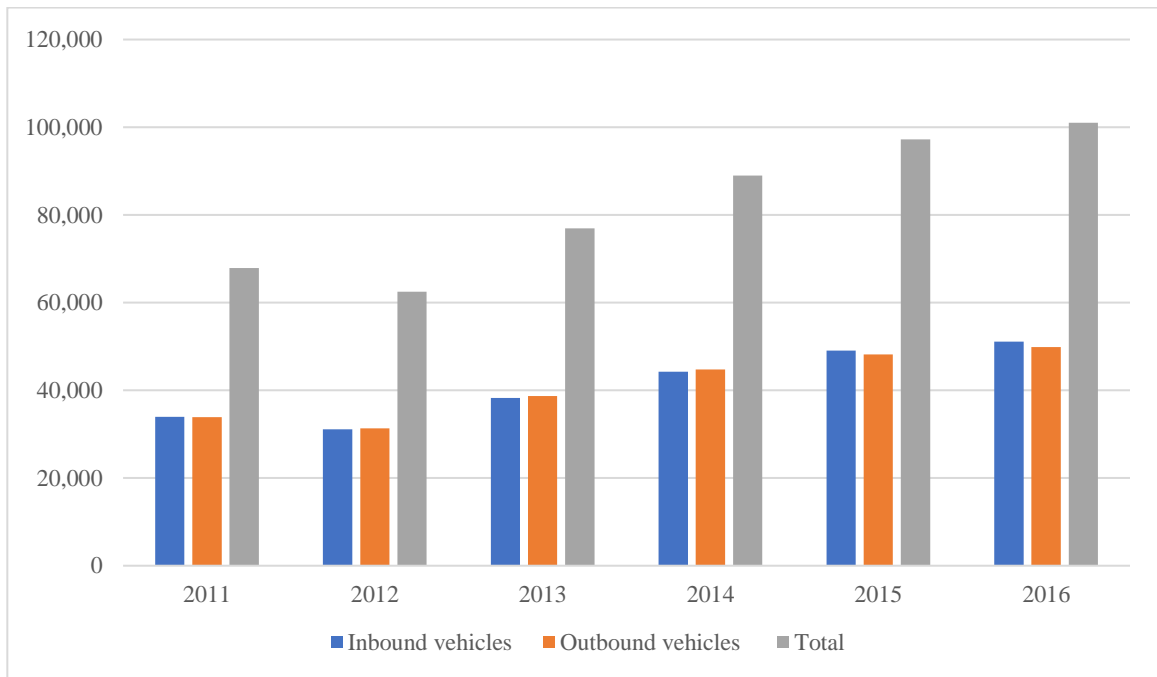


Figure 7.1: Vehicles crossing the Lao Bao–Densavanh border (2011–2016)

Source: Quang Tri Customs Department

The efforts of governments at different levels created a conducive business environment in which enterprises were then able to decide whether to respond. In addition to economic aspects, frequent work and exchanges led to new procedures that are peculiar to the GMS context. This will play as a starting point for harmonising policies among members in regionalisation. On this foundation, economic activities at border zones help develop closer cooperation in other areas.

Additionally, small trade spontaneously occurred near the border gates (See Appendix C). Different kinds of goods, including clothes, daily consumption goods, agricultural and fishery products, were brought from Lao Bao to Savannakhet in small volumes by small traders.⁵³⁰ They used their own vehicles

⁵³⁰ Observation made during the fieldtrip to Lao Bao in 2017.

(e.g., pushcarts and motorcycles) to transport goods. To support small trade and cross-border travel, besides official currency exchange points, the black market was quite popular.⁵³¹ There were always several groups of people available to exchange currencies between Cambodia, Vietnam, Laos and Thailand on demand, especially for traders and tourists. The groups often clustered in places near the border gates, such as cafés and petrol stations, and proactively approached potential customers. Some money exchangers admitted that since the roads were improved and regulations relaxed, their business was much better because they had more customers as the demand for cross-border travel had increased.⁵³² Also, it was easy to find eateries or motorbike repair shops run by Lao people in the area near the border gate. People communicated with each other in Vietnamese or Lao language.

Noticeably, another incentive to boost regional cooperation in the GMS was the creation of a tourism identity⁵³³, in which the GMS countries were promoted as a single destination. Cambodia, Laos, Thailand and Vietnam signed a landmark cross-border agreement to facilitate the flows of goods and people in 2001⁵³⁴, with the aim to raise intra-regional tourist flows. The agreement simplified and harmonised legislation, regulations and procedures regarding cross-border transport.

⁵³¹ Observation made during the fieldtrip to Lao Bao in 2017.

⁵³² Chatting with people in the fieldtrip to Lao Bao in December 2017.

⁵³³ GMS tourism includes a vision of a subregional tourism sector that serves as a major engine for development and poverty reduction with particular focus on pro-poor tourism, promoting the conservation of the natural and cultural heritage as well as peace and harmony in the GMS. This creates an identity of the region as a whole in terms of tourism.

⁵³⁴ Sofield, "The role of tourism in transition economies of the Greater Mekong Subregion."

Further, the GMS countries were trying to developed a single visa in 2010. The aspiration of the five GMS countries was to accept a single visa for the Mekong region instead of individual national visas.⁵³⁵ Travel agencies pushed hard for a one-visa policy over the past decade because the policy would enable tourists to freely travel across countries along the Mekong river. Nevertheless, Vietnam hesitated because this would require a change in mindset and policies.⁵³⁶ Although a GMS single visa policy will take a long time to be negotiated, the development of tourism in the subregion has offered several major routes in which major tourism destinations of GMS countries are linked together. The joint development has enabled tourism growth and increased cross-border tourist flows. This integrated development can be interpreted as evidence of trans-movement towards a borderless region.

On the whole, the willingness and proactiveness of governments, plus the trend of regionalisation, have opened up economic spaces in border areas, in which policies are more liberal to attract capital for development and boost interactions between people across borders. These efforts have paid off with increased cross-border trade, more investment and increased socio-cultural transaction flows in border areas.

Facilitating the development of the private sector

One of the forces contributing to the process of regionalisation is the private sector (or business sector in Vietnam). If the private sector grows strongly enough, it can become a driving force for regionalisation. This section examines

⁵³⁵ Ibid.

⁵³⁶ Thanh Nien News (Youth News), "Vietnam drags feet on single visa for Mekong region," <http://www.thanhniennews.com/society/vietnam-drags-feet-on-single-visa-for-mekong-region-2147.html>.

the status and role of the private sector in regional cooperation in the GMS and Vietnam.

According to the ADB, most of the GMS countries underwent structural changes from subsistence farming to more diversified economies and from centrally planned to more open, market-based systems.⁵³⁷ The private sector has become the main subject of these changes when the GMS governments aimed to create and promote a business climate conducive to the private sector.

In the GMS, the private sector is yet to become a major economic stakeholder, but its role has become clearer. The participation of the private sector was often hindered by infrastructure shortages and other barriers, including investment policies, governance and skilled labour.⁵³⁸ Most of the GMS countries required proper infrastructure systems to serve economic development but the public sector was unable to fund large infrastructure projects (mainly in energy and transport) without private sector involvement. For instance, Vietnam planned to build up to 8,500 km of expressways to catch up with other countries in Asian region. However, less than 3,000 km has been completed so far because the public sector found it unable to achieve the goal.⁵³⁹ To implement the plan, Vietnam had no other choice but to mobilise capital from other stakeholders. A public–private partnership model was the answer for this puzzle. However, the legal basis for investors was not yet ready, which discouraged private sector

⁵³⁷ ADB, "The Greater Mekong Subregion at 20: Progress and Prospects."

⁵³⁸ Lifang, "Greater Mekong Sub-region countries seek closer business links," Xinhua, http://www.xinhuanet.com/english/2018-03/30/c_137077045.htm.

⁵³⁹ Khuat, "Transport Sector in Vietnam: Current Issues and Future Agenda"; Tue Lam, "Road, rail investment to push Vietnam infrastructure growth,"

investment.⁵⁴⁰ Institutional barriers had stopped the private sector from investing, especially in public goods.

The ADB was aware of the situation, which happened not only in Vietnam but also in other transitional economies. Therefore, the bank deliberately supported the participation of the private sector through policies and other measures to make the subregion more attractive to private investors. For example, the ADB has played the ‘honest broker’⁵⁴¹ to create a better investment and business environment and a more open trade regime. Additionally, GMS leaders emphasised the role of the private sector in the development of the GMS, which is reflected in leaders’ summit declarations, presented in Table 7.3.

Table 7.3: GMS leaders’ summit declarations

‘We view the private sector as the engine of growth for the GMS. We will contribute to create a favourable trade and investment climate to foster private sector initiative and participation, especially for small and medium enterprises.’

(Joint Summit Declaration: 1st GMS Summit of Leaders, 2002)

‘The GMS is committed to creating a conducive and competitive environment for trade, investment and private sector development. To strengthen market fundamentals, we will promote financial efficiency, a sound policy and institutional, legal and regulatory framework and undertake further facilitation and harmonization of trade and investment regimes.’

⁵⁴⁰ Vietnam News, "Level infrastructure playing field for private sector: experts," <https://vietnamnews.vn/economy/425497/level-infrastructure-playing-field-for-private-sector-experts.html#HWdDZdbZH1Y61hCT.97>.

⁵⁴¹ ADB, "ADB's approach to regional cooperation and integration ", Asian Development Bank, <https://www.adb.org/news/features/adb-approach-regional-cooperation-and-integration>.

We recognize the private sector as the engine of the GMS growth and value its contribution. We must make greater efforts to build capacity of the GMS Business Forum and ensure a more active role of it. We welcome the fruitful outcomes from the dialogue between us and the business community on 4 July. To maximize the potential of the private sector, we will ensure that industry and business are involved in the planning and implementation of GMS programs so that these become relevant and responsive to their needs.’

(Joint Summit Declaration: 2nd GMS Summit of Leaders, 2005).‘We will intensify our efforts to create a conducive and competitive environment for trade, investment and private sector development, as these are vital for transforming our transport corridors into economic corridors. We will institute sound economic policies, implement regulatory and institutional frameworks and further liberalize, harmonize and streamline trade and investment regimes. We will further promote public–private partnerships to expand business and investment in the subregion that will generate income and employment opportunities for our people. In this context, we welcome the proposal to establish the Economic Corridors Forum to oversee the development of economic corridors.

Several measures have been taken to strengthen the GMS Business Forum and we commit to our greater efforts to promote private sector participation in GMS development and planning. Our dialogue with the business community on March 2008 was extremely valuable and we direct our ministers to follow up and act on the recommendations arising from this discussion, including initiatives to promote the participation of small- and medium-sized enterprises in exports.’

(Joint Summit Declaration:3rd GMS Summit of Leaders, 2008).

‘The long-term success of the GMS Program very much depends on more extensive and effective engagement with the private sector. Improving overall GMS competitiveness largely depends on the health and vitality of small and medium enterprises and on enabling them to tap into regional and global value chains. The private sector remains the primary source for new jobs, higher incomes and better opportunities for the youth of the GMS.

The private sector should be the primary driver of economic corridor development, with the public sector establishing a conducive policy and regulatory environment, providing basic infrastructure, utilities and services, as well as facilitating cooperation and collaboration at the local, national and subregional levels. GMS governments should also ensure the success of private sector initiatives specifically aimed at improving subregional competitiveness, such as the GMS Freight Transport Association as well as the recently launched Mekong Business Initiative. We also urge the ADB to further promote the development of the private sector in the GMS and also assist in removing constraints to small and medium enterprise growth such as access to finance, knowledge and business support services.’

(Joint Summit Declaration: 5th GMS Summit of Leaders, 2014).

‘The private sector is increasingly important in a partnership that began formally with the GMS Business Forum (now Council) in 2000 and expanded with the Mekong Business Initiative, the Freight Transport Association, forums for agriculture and tourism, the e-Commerce Platform and the recent Finance Sector and Trade Finance Conference. We appreciate that thousands of individual farmers and businesses are partners in and empowered by, the GMS Program.’

(Joint Summit Declaration: 6th GMS Summit of Leaders, 2018)

The GMS-BF is a private sector organisation established in 2000 to provide private sector-related products and services to facilitate the implementation of the GMS Program. The aim of the GMS-BF was to enhance the participation of the private sector in the activities and projects of the GMS Program.⁵⁴²

The GMS-BF was upgraded to the GMS Business Council (GMS-BC) at the Fourth GMS Summit in 2015 in Thailand⁵⁴³, which was meant to make its role clearer and more focused. The main focus of the GMS-BC from 2015 was to support the participation of the private sector in regional economic cooperation, especially in the development of the GMS economic corridors. Moreover, the same year also witnessed the launch of the Mekong Business Initiative by the ADB and the Australian Government⁵⁴⁴ to catalyse private sector development by improving business-enabling environments in the GMS, especially in Cambodia, Laos, Myanmar and Vietnam. The Mekong Business Initiative collaborated with the GMS-BC to develop many initiatives to increase the private sector's participation in regional development.

Additionally, the first GMS Business Summit was held in Hanoi in March 2018⁵⁴⁵, with the aim to strengthen dialogue between enterprise and government and to connect businesses in the region and the world, while also calling for resources from the private sector for the GMS Program.⁵⁴⁶ The efforts of GMS

⁵⁴² GMS Business Council, "About us," <https://www.gms-bc.org/th/home/mainpage/2>.

⁵⁴³ Ibid.

⁵⁴⁴ Mekong Business Initiative, "Midterm evaluation," (n.p.: Australian government - Asian Development Bank, 2017).

⁵⁴⁵ GMS, "6th Greater Mekong Subregion (GMS) Summit," <https://greatermekong.org/6th-greater-mekong-subregion-summit>.

⁵⁴⁶ Vietnamnet, "First-ever GMS Business Summit opens in Hanoi," <https://english.vietnamnet.vn/fms/business/198184/first-ever-gms-business-summit-opens-in-hanoi.html>.

leaders demonstrated the determination of GMS governments and the ADB to turn the private sector into a driving force in regional development and cooperation.

Vietnam's central government has encouraged the participation of the private sector in economic development by creating a simple and transparent rule-based business environment and improving competitiveness. In the early 1990s, when Vietnam implemented its policy of regional integration, it also adopted a radical and comprehensive reform package to stabilise and open the economy and enhance freedom of choice for economic units and competition, with the introduction of the Private Enterprises Law and the Company Law⁵⁴⁷. In 1992, the Article 16 of the Amended Constitution recognised the role of the private sector in the economy.⁵⁴⁸ The next turning point for private sector development occurred in 2000, with the enactment of the Enterprise Law⁵⁴⁹, which led to a dramatic increase in the number of registered private businesses. The Enterprise Law also led to the elimination of over one hundred business licence requirements and considerably reduced the time and cost needed to register business.

Since then, the private sector has grown and now accounts for 39 to 40 per cent of GDP.⁵⁵⁰ Although there has been much effort from the government to create

⁵⁴⁷ Pham and Vuong, *Kinh tế Việt Nam: Thăng trầm và đột phá [Vietnam's Economy: Ups and Downs and Breakthroughs]*.

⁵⁴⁸ The Article 16 of the Constitution 1992 stated that the multi-sectoral structure of the economy included: "state-owned economy, collective economy, individual economy, private capitalist economy and state capitalist economy in many forms.

⁵⁴⁹ Xuan Thang Ho, "Vietnam Laws on Enterprise (New points of law now meet the year 2014 expectations large business community workers during world economic integration in Vietnam)," *International Journal of Management and Commerce Innovations*, no. 2 (October 2015 - March 2016).

⁵⁵⁰ Duy Binh Le, "Kinh tế tư nhân Việt Nam: Năng suất và Thịnh vượng [Private Sector in Vietnam: Productivity and Prosperity]," (Hanoi: Golden Sky, 2018).

preferable business environment for the private sector, private sector has faced many difficulties in conducting business, including inadequate access to land, capital, information, infrastructure and labour or high transaction costs partly caused by red tape.⁵⁵¹

Since the 2000s, Vietnam's economy has experienced dynamic growth, driven by international trade and foreign investment. Economic growth has been supported by increased private investment in response to an improved investment climate, although there are serious infrastructure shortages, high costs of credit, lack of skilled labour and poor governance.⁵⁵² Nevertheless, according to the WB, Vietnam has made good progress on the Ease of Doing Business Ranking, which is owed to policy changes that encouraged the private sector to participate more actively in economic development.⁵⁵³ In 2018, Vietnam was ranked 69 among 190 economies by the WB. Figure 7.2 illustrates the Ease of Doing Business Ranking in the five GMS countries. Although the ranking of Vietnam was quite low, the country has noticeably improved since 2010.⁵⁵⁴

In comparison to other countries in the subregion, Vietnam was only second to Thailand in the 2018 ranking, which demonstrated the great effort from governments at different levels to create a favourable business environment.

⁵⁵¹ Vietnamnet, "How the private sector can drive Vietnam's growth," <https://english.vietnamnet.vn/fms/business/179882/how-the-private-sector-can-drive-vietnam-s-growth.html>.

⁵⁵² OECD, "Structural Policy Challenges for Southeast Asian countries," in *Southeast Asian Economic Outlook 2013: With perspectives on China and India* (OECD, 2013).

⁵⁵³ World Bank, "Governance: Vietnam Development Report 2005," in *Report No. 30462-VN* (Poverty Reduction and Economic Management Unit, 2004).

⁵⁵⁴ "Rankings & Ease of Doing Business Score," <https://www.doingbusiness.org/en/rankings>.

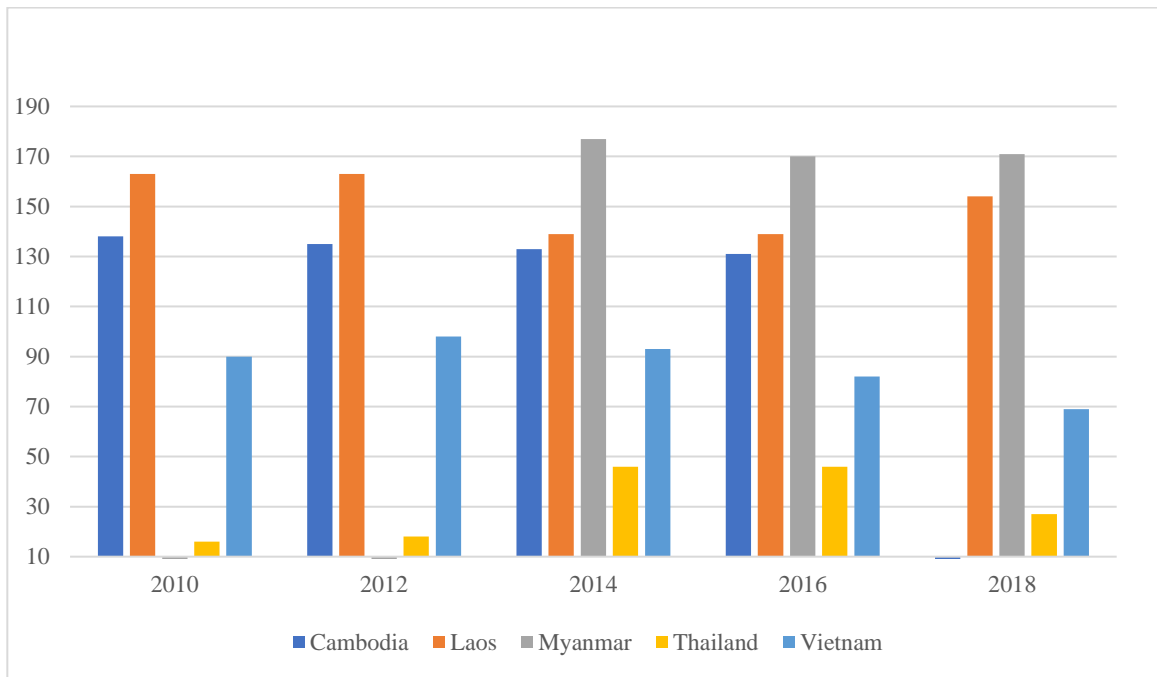


Figure 7.2: Ease of doing business with GMS countries

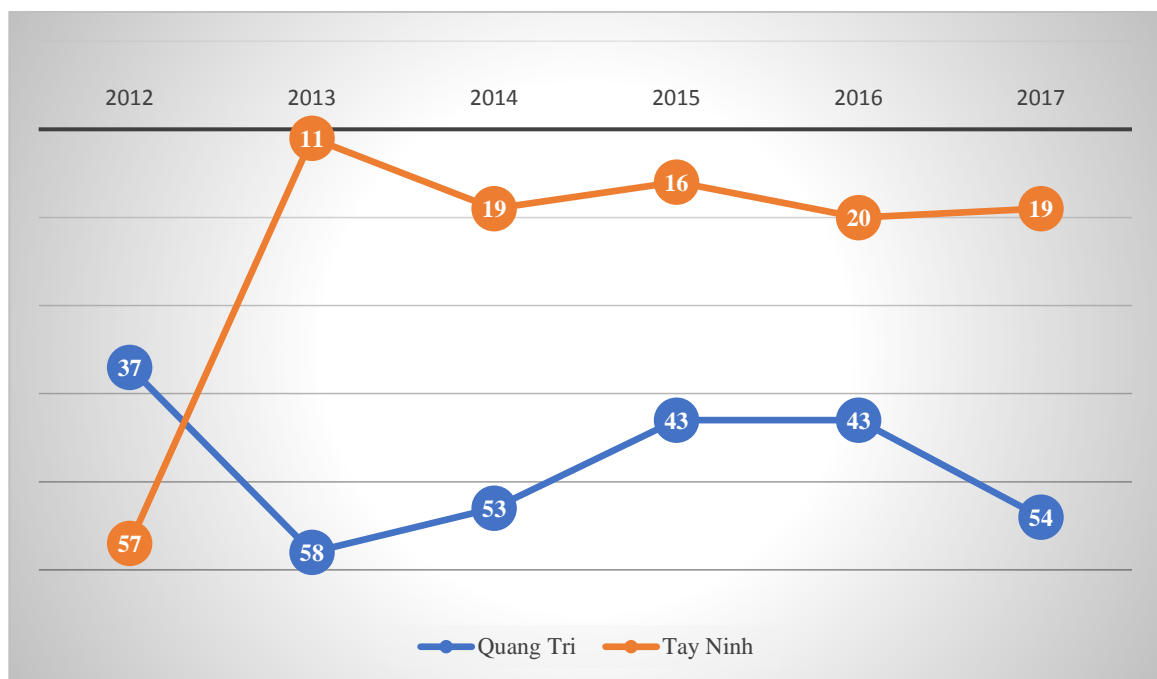
Source: WB⁵⁵⁵

Vietnam's improved ranking demonstrates that the central government has undertaken positive regulatory reform. These changes have improved the business environment in Vietnam, which in turn has raised the confidence of the private sector in doing business.⁵⁵⁶ Although regulatory frameworks for the private sector are consistent across the country, different provinces developed their own initiatives to attract investors. Once again, the role of local authorities was crucial in attracting and facilitating private sector investment. In Vietnam,

⁵⁵⁵ Ibid.

⁵⁵⁶ Vietnam Briefing, "Vietnam Ranked 69th in Ease of Doing Business Rankings," Vietnam Briefing, <https://www.vietnam-briefing.com/news/vietnam-ranked-69th-in-ease-of-doing-business-rankings.html/>. Cam Tu, "5 năm cải thiện môi trường kinh doanh: Hầu hết chỉ số có tăng điểm [5 years of improving business environment: Most indexes have improved]," VOV, <https://vov.vn/kinh-te/5-nam-cai-thien-moi-truong-kinh-doanh-hau-het-chi-so-co-tang-diem-833568.vov>.

the competitive capacity of sixth-three cities and provinces are ranked annually to assess the health of the business environment, which is called the Provincial Competitiveness Index (PCI).⁵⁵⁷ The PCI measures the capacity of authorities in management. With respect to Quang Tri province, it was ranked 54 out of 63 in 2017, which was a low position. Tay Ninh improved over the past few years and was ranked 19 out of 63 in 2017. Figure 7.3 presents the PCI of Quang Tri and Tay Ninh provinces (2012–2017).



⁵⁵⁷ PCI was introduced in 2005 following a collaborative project between Vietnam Chamber and Industry (VCCI) and USAID to assess Vietnam's business environment and rank the economic governance quality of provincial authorities to creating a favorable business environment for development of private sector. The PCI contains 10 sub-indices including: 1) low entry costs for business start-up; 2) an easy access to land and security of business premises; 3) a transparent business environment and equitable business information; 4) minimal information charges; 5) has limited time requirements for bureaucratic procedures and inspections; 6) limit crowding out of private activity from policy biases toward state, foreign, or connected firms; 7) proactive and creative provincial leadership in solving problems for enterprises; 8) developed and high-quality business support services; 9) sound labor training policies; and 10) fair and effective legal procedure for dispute resolution. See The Provincial Competitiveness Index, "About PCI," <http://orgeng.pcivietnam.vn/gioi-thieu-pci-c2.html>.

Figure 7.3: PCI of Quang Tri and Tay Ninh provinces (2012–2017)

Source: PCI Vietnam⁵⁵⁸

It can be observed that Vietnam has gradually completed its regulatory framework to encourage more participation from the private sector. However, it is not an easy task for governments at the central and local levels. At this stage, the participation of the private sector is still limited, particularly in small provinces like Quang Tri and Tay Ninh. For example, as one local authority claimed in an interview:

The province also came up with favourable policies to call for the participation of the private sector. Particularly, the province expected the private sector to join in some areas such as: waste treatment, logistics, construction of a new urban zone and establishment of an industrial zone. The provincial government held teleconferences with big investors such as Amata, Becamex Binh Duong or Singaporean major enterprises. However, both the hardware and software infrastructure system is incomplete; therefore, the participation of the private sector is still limited. We understood that the private sector doesn't invest for charity. They need fair competition to invest and we are trying our best to level the playing field for them.⁵⁵⁹

Local governments encouraged local enterprises to do business either in their provinces or with their cross-border counterparts. According to Quang Tri and Tay Ninh governments, the private sector in the GMS operates most effectively

⁵⁵⁸ PCI Vietnam, Date <http://pcivietnam.org/>.

⁵⁵⁹ Interview with Nguyen Huy from DPI (Quang Tri)

in tourism, which investors found attractive to promote cross-border cooperation.⁵⁶⁰ Tour operators, traders, hoteliers and retail outlets cooperated with each other and promoted the GMS as a single tourist destination. Public–private partnerships in tourism were effective in improving facilities for tourism, such as constructing new roads to tourist sites, building solid waste treatment plants, establishing joint tourism ventures and facilitating cross-border tourist flows.⁵⁶¹ The development of tourism was mainly driven by the private sector, which has formed several tourism spatial zones in the GMS in which cooperation occurs among different stakeholders.

With the exception of Thailand, most of the GMS countries experienced the process of change from a centrally planned economy towards a market economy that involved many changes at every level of society. These emerging market economies aimed to develop greater reliance on markets rather than bureaucratic mechanisms. The private sector has gradually participated in national economies and regional markets, and while this economic sector has not played a key role in the economy overall, its involvement has spurred regional cooperation.

A survey of grassroots awareness of the GMS - an important factor in regional building

The best possible end result of regionalisation is the formation of a region where interactions in various fields and at various levels intensify and converge. Principally, regionalisation transforms a passive geographical area into an ‘active subject capable of articulating the transnational interests of the emerging

⁵⁶⁰ Interviews with Nguyen Huy from DPI and Nguyen Duc Tan from PPC, Quang Tri

⁵⁶¹ Sofield, "The role of tourism in transition economies of the Greater Mekong Subregion."; Polladach Theerapappisit, "Mekong Tourism Development: Capital or Social Mobilization?," *Tourism Recreation Research* 28, no. 1 (2003).

region'.⁵⁶² The regionalisation process can be intentional or non-intentional and occurs at different intensity along the various dimensions, including economics, politics, culture and security.

According to new regionalism theory, a region is not only a group of states linked together by geographical proximity and mutual interdependence; it may also be constituted by some parts of the states in which interaction has intensified.⁵⁶³ For further regionalisation, these areas must experience increased interaction and more frequent contact between communities. However, people in separate states are unlikely to have much mutual trust and knowledge. For example, the Mekong Subregion has experienced war, conflict and confrontation that made states close their borders which restrained cross-border interaction.

In the 1990s, when the states in the region relaxed their policies and became more open to external relations, the degree of transnational contact dramatically increased, which generated a kind of cohesiveness and distinctiveness of a region or the regionness. It has been argued that regionalisation can only deepen when there arises a 'we-feeling' in the region.⁵⁶⁴ If people feel that they are part of the region, it may trigger a process of further regionalisation in various fields.

This section examines the perceptions of grassroots people to determine whether they were aware of the process of regional cooperation in their geographical space and whether regional cohesiveness tended to form in the GMS, particularly in border regions. To determine perceptions at the local level a survey was conducted.

⁵⁶² Hettne and Söderbaum, "Theorising the Rise of Regionness," 461.

⁵⁶³ Björn Hettne, "Beyond the 'new' regionalism," *ibid.* 10, no. 4 (2005).

⁵⁶⁴ A. F. Cooper, C. W. Hughes, and P. De Lombaerde, *Regionalisation and global governance: The taming of globalisation?* (London : Routledge, 2008).

Survey

A written survey (Appendix E) was distributed to residents of the two border towns, Lao Bao and Tay Ninh, where people were believed to have regular interactions with people across the border. The aim of the survey was to probe participants' perceptions of regional cooperation, their knowledge of the GMS program, and how the regional project affected their lives. The questions asked in the survey included:

- Do you know any of the following terms: GMS Program, Economic Corridors, GMS Economic Corridor Towns Development Project?
- Which GMS countries do you feel close to?
- Do you have any interactions with people from neighbouring countries? How often do the interactions happen?
- Have you witnessed any progress with socioeconomic development in your town recently? If yes, in what aspect?

The survey was distributed to people living or doing business in the vicinity of the borders of Lao Bao and Moc Bai, especially at Lao Bao SECZ and Moc Bai BEZ. The survey utilised a grassroots sample of respondents and assumed little knowledge about the GMS Cooperation Program.

Doing fieldwork in a sensitive area, such as cross-border area, needs extra vigilance. Given that the cross-border area functions as borderline of two bordering nation states, both countries try to secure it carefully. Therefore, permission must be obtained from the local authorities prior the fieldwork. The researcher was allowed to distribute survey at Lao Bao Trade Centre, Lao Bao Cross-Border, Moc Bai Trade Centre and Moc Bai Cross-Border.

To distribute the survey, permission was obtained from the local authorities in advance. Most of the participants were randomly approached in the street,

business establishments and shopping malls. All respondents were above 18 years of age. A token gift (Australian key rings) to the value of approximately \$3 were offered after a survey was completed and returned to the researcher. Research assistants were employed by the author to conduct the survey to overcome any potential difficulties in interacting with the local people. In total, 100 surveys were completed. In this case, gender and age had little influence on the survey results.

Awareness of regional cooperation

The survey was designed to investigate whether people living in the GMS-ECTD project areas were aware of the existence of the GMS Program and its related projects. Additionally, the survey included questions about attitudes towards their neighbours and the frequency of cross-border interaction.

As discussed in Chapter 3, economic corridors were chosen as the GMS flagship program, that received considerable investment from the ADB, investment partners and GMS countries. Therefore, it was assumed that the EWEC/SEC would be known by the grassroots people due to visible improvements in infrastructure resulting from this project. Additionally, the respondents were asked about the EWEC/SEC in addition to the GMS Program.

Roughly forty per cent of participants said they were aware of the GMS Program or GMS economic corridors (EWEC or SEC), whereas more than half of the respondents were not aware of the existence of the program. Surprisingly, 100 per cent of the respondents in Moc Bai had no knowledge about the GMS or the SEC. The lack of knowledge of the GMS Program among grassroots people in Moc Bai can be explained by two major reasons:

- First, while Quang Tri is an important gateway on the EWEC, Tay Ninh province is not the main province along the SEC, which runs through

three capital cities of Thailand (Bangkok), Cambodia (Phnom Penh) and Vietnam (Ho Chi Minh). Therefore, Tay Ninh is a transit place rather than a major destination for investors. Additionally, people may have heard about the Trans-Asia economic corridor rather than the SEC.

- Second, being adjacent to Vietnam's biggest economic centre, Ho Chi Minh City, Tay Ninh has other options to develop the local economy, including strengthened connections with Ho Chi Minh City. Further, Tay Ninh province was doing quite well in attracting investment and developing its economy in comparison to Quang Tri, where 'the only way to develop is to connect and cooperate with provinces of Vietnam, Laos and Thailand on the EWEC'.⁵⁶⁵ Therefore, the local governments put their efforts into enhancing Quang Tri's image as a part of the EWEC and the GMS.⁵⁶⁶

In Lao Bao, it was easy to see large billboards on the main streets that promoted Quang Tri as a gateway on the EWEC and in other GMS projects, especially tourism (see Appendix C). This propaganda campaign helped to make local people aware of the GMS Program/ This was reflected in the survey results in which approximately seventy per cent of respondents in Lao Bao knew about the GMS Program or EWEC. Moreover, when interviewed, the local governments emphasised the significance of the program to local development. Figure 7.4 and Figure 7.5 reflect survey respondents' knowledge of the GMS Program and economic corridors (EWEC and SEC) respectively:

⁵⁶⁵ Interview with Nguyen Huy from DPI, Quang Tri

⁵⁶⁶ In Tay Ninh, the local authorities were reserved when asked about the GMS program. Even the people who were in charge of the project refused to speak about the project.

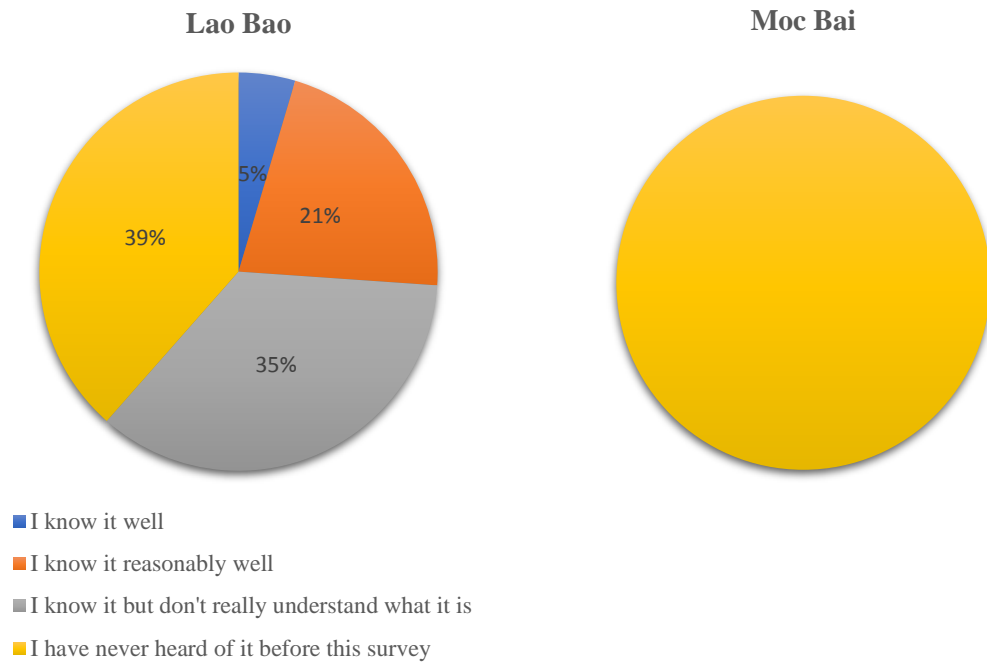


Figure 7.4: Residents' awareness of the GMS Program

Lao Bao's people toward the EWEC

Moc Bai's people toward the SEC

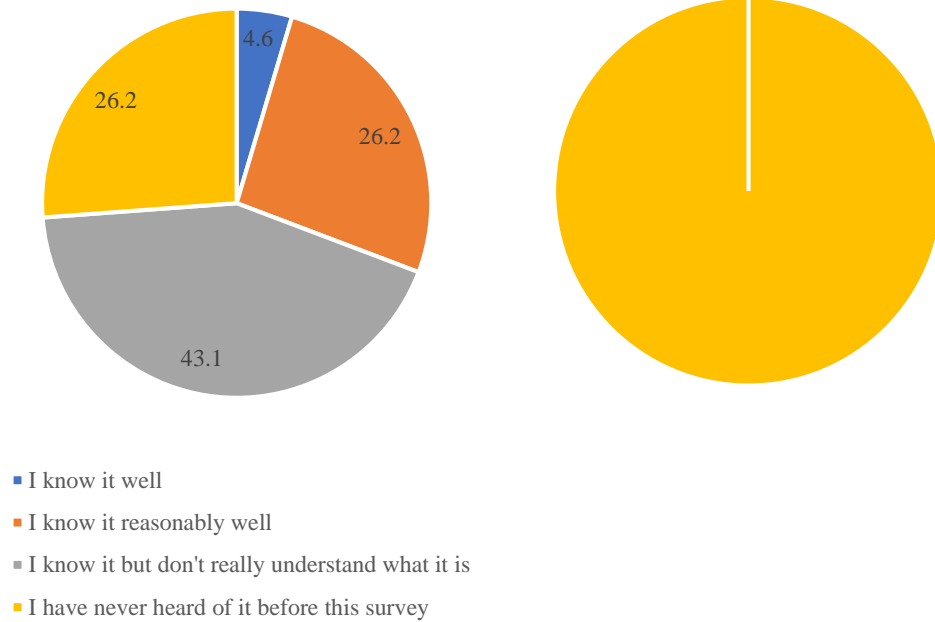


Figure 7.5: Residents' awareness of the EWEC and SEC

Although most of the respondents were not aware of the EWEC and SEC programs, the survey revealed that people felt closer and friendlier towards people of neighbouring countries in the region. In the survey, the question listed several countries (respondents could write countries not included in the answer if they wanted) and asked participants to choose the countries to which they felt close. Surprisingly, a great portion of the respondents chose Thailand (31.3%), then Laos (26.1%), whereas Myanmar and China were at the bottom of their list. Noticeably, townspeople had a positive attitude towards Thai and Lao people and even people at Moc Bai border felt friendlier towards Thai than Cambodian people.

It was common sense that people would feel more attached to people who resided closer to them. However, almost all people in Moc Bai felt closer to Thai people

(93%) than Cambodian people (0.3%). The history of the bilateral relationships between Vietnam and Cambodia and border demarcation issues could be accountable (see Chapter 5). Further research on the issue is recommended. Other countries mentioned included Japan, Malaysia, Singapore, Indonesia, Brunei, South Korea and the Philippines, but the percentages were insignificant. Generally, perceptions about the region were formed by positive real-life interactions that laid the foundation for further interaction and cooperation. Figure 7.6 displays data on the attitudes of people in the border zones towards other countries in the region:

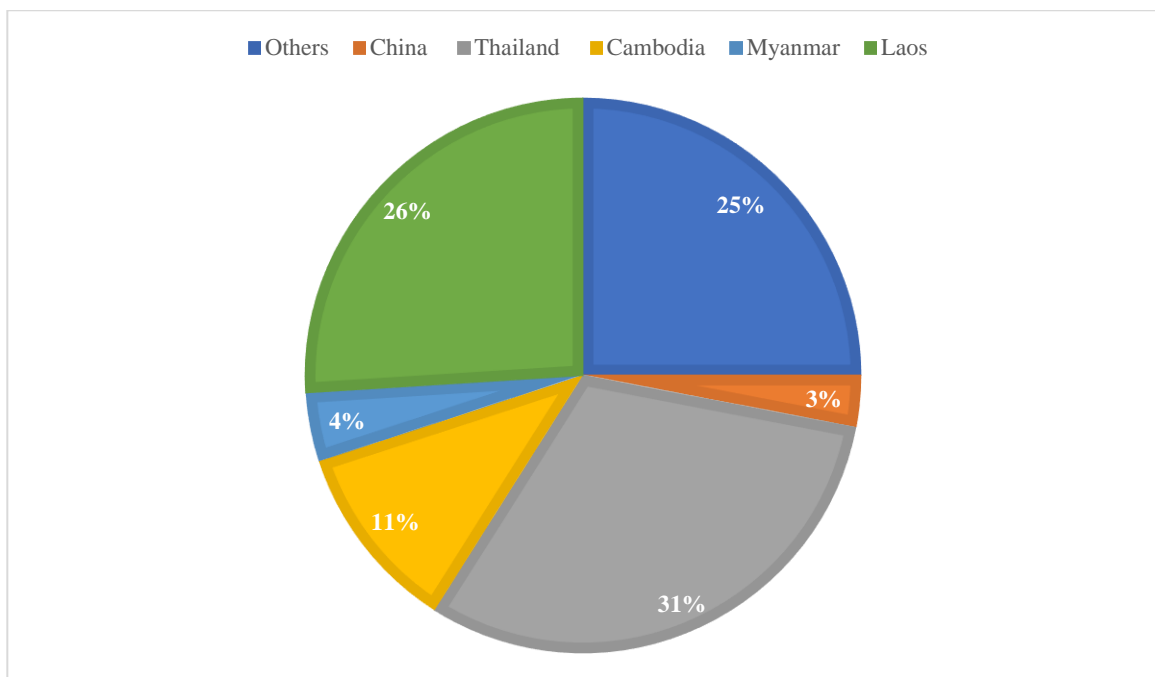


Figure 7.6: Positive attitudes towards other countries in the region

Moreover, since cross-border movement was encouraged and facilitated, people had more opportunities to interact with each other. People mostly interacted through trade and cultural exchange events. For example, many people in Lao Bao travelled to Laotian provinces to join traditional festivals, such as Bunpimay or the New Year Festival. The people also claimed that interactions happened

more frequently when border crossings became more convenient thanks to road and border procedure improvements.

A great number of respondents were small traders, for whom the interaction increased when the number of customers increased. Figure 7.7 indicates the frequency of interaction between Vietnamese people and their foreign neighbours (Cambodians, Laotians and Thais). The forms of interaction included trading goods, participating in cultural activities, doing business, transporting people across borders by motorcycle-taxi (xe om). Interestingly, 42.1 per cent of respondents had never travelled to Laos or Cambodia, whereas the rest travelled across the border, ranging from every year to every month.

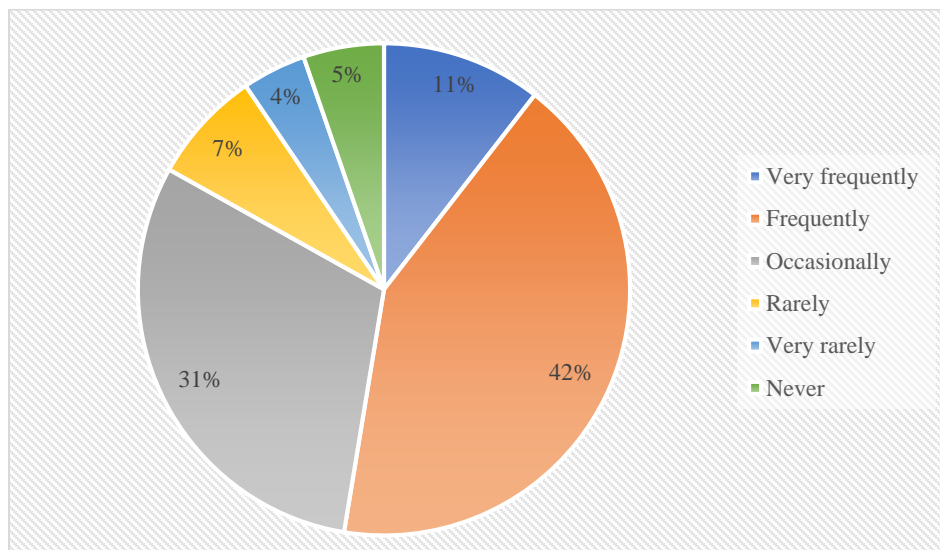


Figure 7.7: Frequency of interactions with neighbouring people in Lao Bao and Moc Bai

Perceived benefits for regional cooperation

Projects implemented in these areas concentrated on infrastructure improvement, that often generated other visible changes. Additionally, one of the objectives of the GMS Program was to reduce the uneven development among areas by

providing access to markets and necessary facilities. The most remarkable improvement in the two towns was the improvement in the quality of the road system that substantially reduced travelling time. Moreover, people found it easy to travel regardless of weather conditions. The improvements in the road system also resulted in better a environment (e.g., it was less dusty). Conversely, people expected to observe more improvements, and many believed that changes did not meet their expectations. Figure 7.8 displays data on the perceptions of people regarding infrastructure progress in their towns:

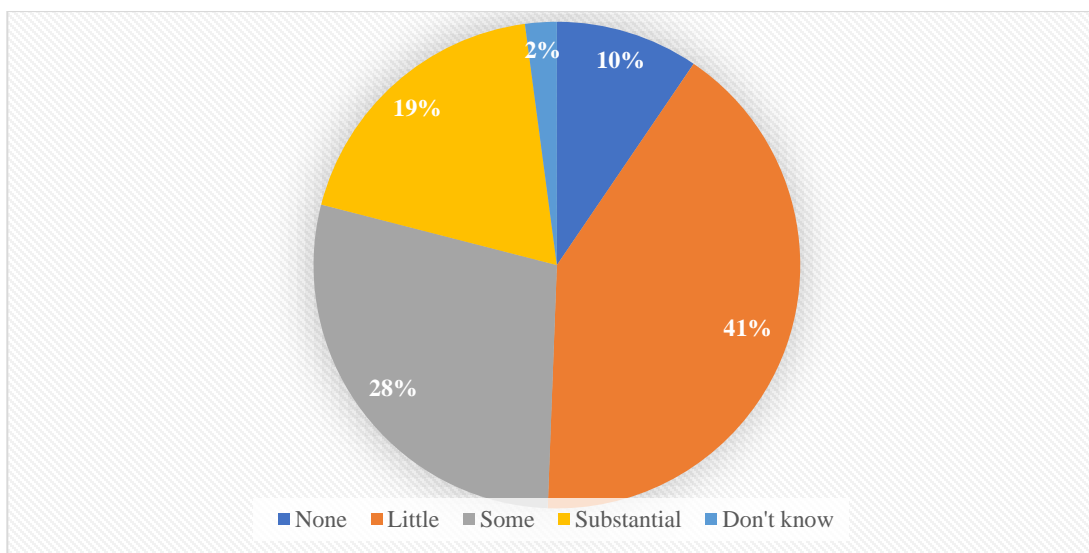


Figure 7.8: Perceptions of the level of infrastructure improvements

According to the survey, 67.4 per cent of participants agreed that road infrastructure had improved the most, which resulted in easier transportation between their homes to provincial centres and neighbouring countries. Additionally, sixty per cent of participants perceived that their lives were better in different ways once road the infrastructure was improved in terms of having more customers for their business, greater variety of goods and easier transportation to school for their children.

In general, the GMS Program brought positive changes to peripheral areas. Although the improvement was still small, it has assisted the towns to participate in regional cooperation. Figure 7.9 shows people's perceptions of how the GMS projects affected their daily lives:

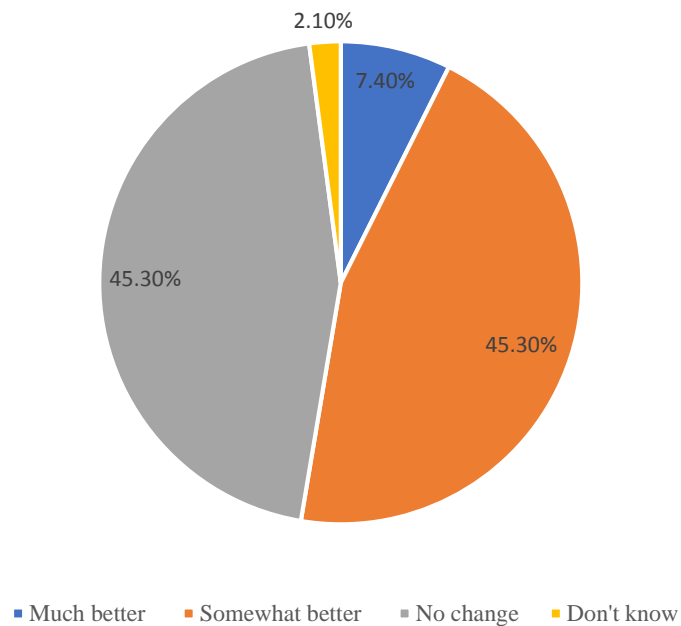


Figure 7.9: Perceptions towards the influence of GMS projects on daily life

Conclusion

In the context of the GMS, regionalisation refers to the process of cooperation in which countries in the same region are encouraged to cooperate with each other to address common concerns and advance their interests. Regionalisation is a means of finding common interests among populations of different countries that share geographical proximity. This process more than likely makes people understand the need to work together.

The formation of the GMS arose from the willingness of central governments to help overcome historical legacies among states on mainland Southeast Asia

following a long period of conflict and war. The GMS started with an informal program, which required little commitment from member states. Although the GMS Program is now moving towards more institutionalised structures (e.g., leaders' summits, ministerial meetings, SOMs, national secretariats and different forums), non-binding and informal norms of cooperation characterise the process as regionalisation rather than regionalism. Additionally, the basic approach of the program was to work directly with various provinces in the region; first to connect them physically and then through harmonised policies and regulations. Consequently, this has created several transnational economic spaces in the GMS, in which interaction and cooperation has been intensified. As a bottom-up approach, regionalisation should also be examined at lower levels where interaction occurs to understand how different factors have contributed to the process and to what extent.

As documented by the analysis presented in Chapters 5 and 6, local governments played an important role in the implementation of processes and boosting cross-border cooperation. The economic opportunities created by the demand of multilateral cooperation and integration has become a driving force for further cooperation between neighbouring countries. Additionally, unlike regionalism, which focuses on the role of state, regionalisation is driven by a wide range of players, including private actors, people and other non-state participants.

This chapter has examined the contributions of non-state actors, including the private sector and grassroots people in the process of regionalisation. In particular, this chapter has focused on the context of Vietnam, which adopted an outward-looking economic policy and encouraged the private sector to join the economy. The following conclusions can be drawn:

- First, economic spaces (i.e., BEZs) have fostered regionalisation through facilitating the flow of goods and people and as pilot areas for

governments to be more active in regional cooperation. The formation of the economic space is also a process of policy learning, in which exchanges of ideas, models in managing domestic and transnational issues occur between countries in the region. Additionally, transaction flows in economic, social and cultural areas have increased with the relaxation of cross-border and investment regulations. The greater the interaction between communities, the stronger bond between them, which helps to construct the regionness of the GMS.

- Second, the private sector's participation in the process is still limited due to insufficient regulatory frameworks and the infrastructure of transitional economies in the GMS. Nevertheless, with the assistance of the GMS Program, the private sector has played a clear role in the economy, which varies across nine priority GMS sectors. According to local governments, tourism is the sector that attracts the most participation from this sector. It is expected that once the GMS economies have successfully transitioned into market economies, the private sector will become a driving force for regional cooperation and integration.
- Third, the process of cooperation is occurring at the bottom level, although the degree is still modest. However, people have perceptions regarding the regional space and some knowledge of regional cooperation. Moreover, the interaction and cooperation of people is not restricted to intermediate neighbours, but includes third-party countries in the region.

Although the role of central government remains crucial in motivating and facilitating regional cooperation and integration, local governments and other non-states actors are participating more in the process. The states can commence the process, but the pace and degree of regionalisation are strongly influenced by the activeness of local governments, trade, investment and the enthusiasm of grassroots people.

It is clear that the GMS community is being shaped and GMS governments are trying hard to construct a proper '3Cs region' (i.e connectivity, community and competitiveness). Despite having strong political determination from GMS member countries, this process is facing many challenges rooting from both internal and external forces. These challenges as well as opportunities to region-building will be discussed in chapter 8.

Chapter 8: GMS: The Prospects Ahead

The Greater Mekong Subregion does not refer to a river basin project like the Mekong Commission but rather to a strategic vision for a transnational integration on a continental level (Taillard 2014, 24).

Introduction

It has been more than twenty-five years since the Mekong countries shifted from confrontation to cooperation. From being a region of mistrust and polarisation⁵⁶⁷, the Mekong riparian states have striven to come closer to each other via physical connectivity, economic cooperation and harmonised policies. Using the Mekong River as a base for cooperation and integration, the GMS Program's aspiration is to turn the region into an attractive place for investors and a place where Mekong countries cooperate on the basis of addressing common concerns and promoting regional interests.

However, upon studying the impact of regionalisation in GMS based on Warleigh-Lack framework, it is concluded that building a proper GMS still has a long way to go for two main reasons. First, the regulatory frameworks of most of the Mekong countries are not yet completed, which has hindered the process of policy harmonisation in regionalisation. Therefore, cross-border cooperation still depends on the leadership of central governments. Second, cooperation began and has been mostly maintained because of domestic considerations. To some extent, national sovereignty remains trumps. Additionally, because it is an important region in terms of geopolitics, the Mekong Region is now trapped between the calculations of major world powers, especially in the context of

⁵⁶⁷ Milton Osborne, *Region of revolt : focus on Southeast Asia* (Rushcutters Bay, N.S.W. : Pergamon Press Australia, 1970).

increasing rivalry between China and the United States. Working out how to promote an integrated region without over-intervention from external powers will be a perplexing puzzle for the Mekong countries in the coming years.

This chapter considers some of the opportunities and challenges that lie ahead for the GMS based on an assessment of the current status quo. Accordingly, this chapter investigates the degree of regional integration in terms of hardware and software connectivity and their impact on regional cooperation. Thanks to different cooperative schemes, including the GMS Program that mostly prioritised infrastructure development, the GMS is now more physically connected and more integrated. As such, the GMS should be examined as part of the larger Southeast Asia regional framework and not as a separate subregion.

Further, the GMS faces many challenges, including environmental issues caused by both natural and man-made factors, such as climate change, dam construction and reef blasting. These challenges have seriously hindered the process of forming a viable region in the GMS. Additionally, because it is a strategic region in terms of location, the Mekong Subregion has gained tremendous interest from external power that has affected regionalisation. Each country participating in the Mekong cooperation has its own motivations and agendas that have constrained restrained the Mekong countries from fully developing their own cooperative agenda for the subregion. Additionally, the rise of China and its aspiration to increase its influence in the region are a challenge that the other Mekong riparian states must address. China, with its geographic position and economic capacity, has become a ‘system maker’ and ‘privilege taker’ in the GMS, which requires the GMS countries to be more prudent in their regional cooperation.⁵⁶⁸

⁵⁶⁸ Vu, "Between system maker and privileges taker: the role of China in the Greater Mekong Sub-region."

This chapter is divided into four main sections. The first section discusses how connected the subregion is by examining economic indicators and other statistics in terms of infrastructure connectivity. This section further explores the linkages between the GMS and ASEAN and considers how the GMS has been a means to enhance ASEAN cooperation and integration. The second section examines the factors that have influenced the division of the subregion and the challenges faced by GMS countries. This section considers three scenarios of fragmentation that are likely to happen if Mekong countries keep pursuing their own hydropower development plans. Next, this chapter focuses on the prospects of the GMS, with a careful examination of the effects of China's rise on the Mekong Subregion and considers how this can be viewed as a challenge for region-building. Finally, the chapter analyses some of the challenges rooting from domestic issues of each individual country that may affect to the process of regionalisation.

How connected is the GMS?

The GMS is now more connected than in the period prior to the 1990s notably in two respects: physical connectivity and trade interdependence. Travelling from one country to another by road or air is much easier due to different initiatives that the GMS countries have undertaken. Tourism companies can now provide self-driven cars or bicycles to travel through Thailand, Laos and Vietnam via the EWEC.⁵⁶⁹ These tours have been enabled by improvements in the quality and connectivity of roads and the relaxation of border-crossing regulations within the GMS.

⁵⁶⁹ Anh Tuan Nguyen, "Thúc đẩy phát triển du lịch đường bộ qua biên giới [Promote the development of cross-border road tourism]," Nhan Dan, <https://www.nhandan.com.vn/xahoi/item/18361502-.html>.

Moreover, better connectivity brings real benefits to the tourism sector and boosts trade between countries within the region and between the GMS and other regions. The Mekong riparian states are more integrated in that each country has attempted to align its development strategy with a regional strategy. That is, they consider regional benefits in their development plans.⁵⁷⁰ The First GMS Leader's Summit Joint Statement claimed that:

*We will integrate GMS development programs in our respective national agenda. We will complete the infrastructure investments needed to strengthen productivity and competitiveness in the GMS. We will complete the transport corridors critical to linking the subregion and promoting trade and investment. We will coordinate our strategies to ensure that transport corridors evolve into economic corridors, enabling agricultural diversification, industrialization and the creation of employment opportunities.*⁵⁷¹

There are many projects that promote the subregion that can help to create coherence in the GMS. Generally, the connectedness of the GMS is reflected in the GMS' three Cs strategy: connectivity, competitiveness and community.⁵⁷²

The GMS has become one of the most dynamic regions of the world economy.⁵⁷³ Over the past decades, the region has experienced high growth rates, energised

⁵⁷⁰ 1st GMS Summit of Leaders, "Joint Summit Declaration: 1st GMS Summit of Leaders."

⁵⁷¹ Ibid.

⁵⁷² ADB, "The Greater Mekong Subregion Economic Cooperation Program ", ed. GMS Secretariat (Asian Development Bank, 2015).

⁵⁷³ Greater Mekong Subregion Core Environment Program, "The Core Environment Program".

by expanding trade and increasing flows of foreign investment. During the past two decades, the five countries and two provinces of China have grown faster than the average world economy. For example, the average growth rate of the GMS economies (except Thailand) was over 6 per cent, whereas the world average was only 3.74 per cent (see Figure 8.1).

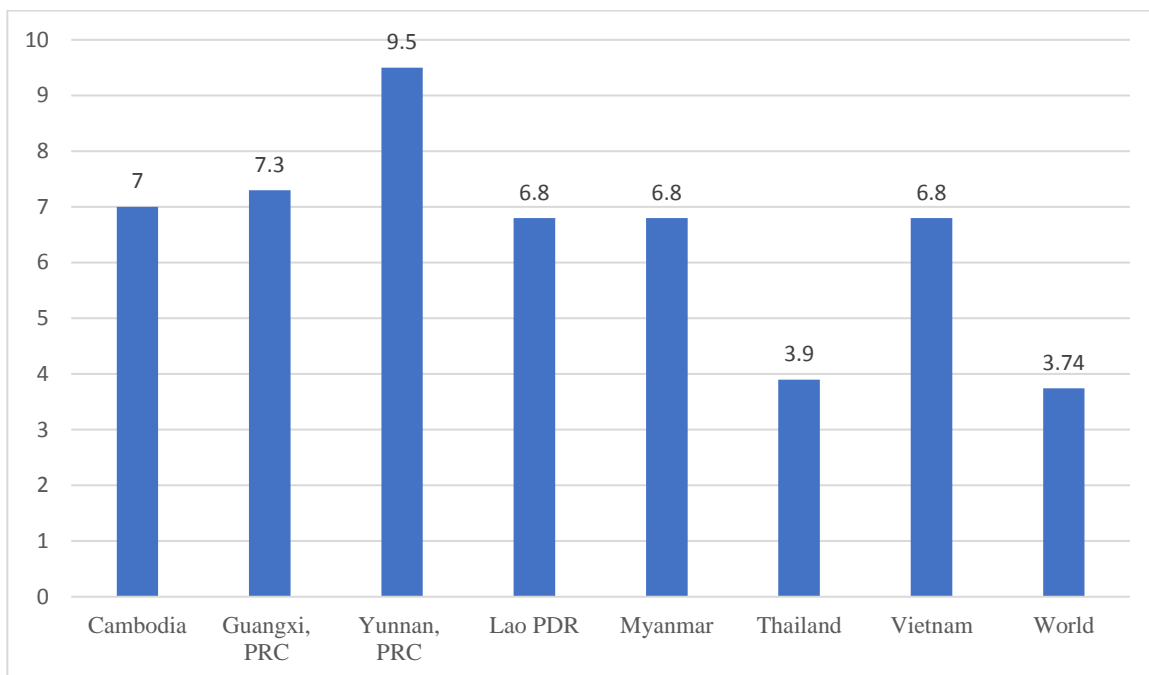


Figure 8.1: GMS GDP growth rate (%) in 2017

Source: GMS Secretariat ⁵⁷⁴

The high growth rates were the result of increased trade in the region. There has been a remarkable increase in intra-regional trade within the GMS, which is a clear indication that there has been increasing interdependence among the GMS economies. The growth in intra-trade has been dramatic during the last twenty-five years and was valued at USD 482.7 billion in 2017, compared with

⁵⁷⁴ GMS Secretariat, "Statistics in the Greater Mekong Subregion: Growth, Tourism, and Health " (Asian Development Bank, 2018).

USD 5.1 billion in 1992. Although intra- GMS trade only increased four times, the value was 94 times bigger after more than two decades⁵⁷⁵. Figure 8.2 illustrates the value of GMS intra-trade (1992–2017).

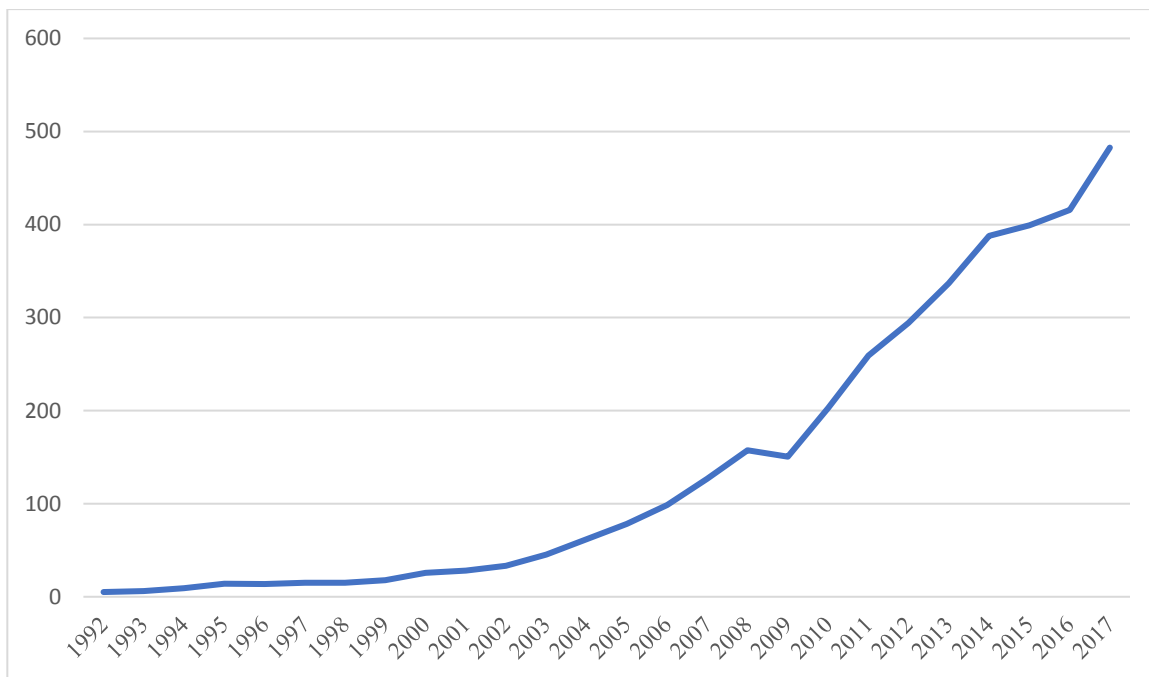


Figure 8.2: GMS intra-trade in USD billion (1992–2017)

Source: Extracted from the database of Asian Regional Integration Center Tracking Asian Integration⁵⁷⁶

The GMS Program has contributed greatly to the facilitation of regional cooperation and the growth of intra-regional trade. Since 1992, the GMS Program has been an active mechanism for the improvement of connectivity and economic relations among the GMS countries. Infrastructure development has been the core of the program and a major achievement has been greatly increased

⁵⁷⁵ Asia Regional Integration Center Tracking Asian Integration, "Database," <https://aric.adb.org/datacenter>.

⁵⁷⁶ Asian Regional Integration Center Integration Database, <https://aric.adb.org/fta>.

physical connectivity in the subregion, including the completion of three main GMS corridors. According to the ADB, the GMS road network has expanded by almost 200,000 kilometres during the past decade.⁵⁷⁷ Obviously, the road network can facilitate not only overland road freight but also interactions among people from different countries.

Along with major improvements in regional connectivity implemented by the GMS Program, national road networks have expanded and been linked to regional networks. Physically, the GMS is now more connected through the GMS transport corridors from north to south and from east to west. Ongoing and new construction of highways in the region will further shorten travel times that have already been cut in half over the past two decades, reduce transaction costs and expand markets, which will spur further growth in the GMS countries.⁵⁷⁸

Since the time required to physically travel from one country to another has been reduced significantly, the mental distances between countries and between provinces within a country seem smaller. The notion of eating three meals in three different countries (e.g., Thailand, Laos and Vietnam) in a day is feasible through the EWEC.⁵⁷⁹ The construction of international bridges has been significant in connecting the region. For instance, the completion of the second Thai–Lao Friendship Bridge in 2006, which connects Savannakhet with Mukdahan, the border crossing at Savannakhet ‘has become effortless experience

⁵⁷⁷ ADB, "10 things to know about the Greater Mekong Subregion," ed. Asian Development Bank (2017).

⁵⁷⁸ Thitinan Pongsudhirak, "Six markets to watch: The mekong region," *Foreign Affairs* 93, no. 1 (2014); Susan Stone and Anna Strutt, "Transport Infrastructure and Trade Facilitation in the Greater Mekong Subregion," (Tokyo: Asian Development Bank Institute, 2009).

⁵⁷⁹ ‘Having three meals in three different countries in a day’ is a tour promoted by tourism agencies of three countries to develop the GMS tourism sector along the EWEC. Thanks to the improvement of road transportation that connects Quang Tri (Vietnam), Savannakhet (Laos) and Mukdahan (Thailand), the tour now attracts many tourists from either within or outside the GMS.

for many local residents'.⁵⁸⁰ Additionally, the Friendship Bridge helped to facilitate transportation between mega-cities like Bangkok, Ho Chi Minh and Hanoi.⁵⁸¹

Additionally, the GMS Program removed barriers to cooperation through a coordinated approach to transport development in the region. The long-term vision of the GMS Program is not only enhanced connectivity between countries in the subregion but also improved wider links with South Asia and Southeast Asia.⁵⁸² These transport links cover various modes of transportation, including road, rail, water and air transport. Expanded and upgraded highways, airports, railways and seaports have enhanced physical connectivity in the GMS and with the rest of the world.

In principle, economic corridors interconnect the borders of GMS countries, centres of production (such as economic zones and manufacturing hubs), centres of demand (such as major urban centres and gateways that which include important seaports used for intra-regional and international trade). Besides the three main economic corridors, there are nine corridor networks that have been developed as main routes that have connected most of the capitals and urban areas of GMS members.⁵⁸³ Although the GMS economic corridors have not progressed as expected and most are now only transport corridors, they have opened up opportunities for GMS countries, individually and collectively. The

⁵⁸⁰ Pichayada Promchertchoo, "Building bridges between Laos and Thailand for better lives," (Channel News Asia March 4, 2018).

⁵⁸¹ Ishida, "GMS Economic Cooperation and its impact on CLMV development".

⁵⁸² ADB Institute, "Connecting South Asia and Southeast Asia," (Japan: Asian Development Bank Institute, 2013).

⁵⁸³ Currently, there is limited involvement of Laos and Myanmar within the economic corridors. For example, Yangon and Nay Pyi Taw and Vientiane are not included in any economic corridor. See ADB, "Review of Configuration of the Greater Mekong Subregion Economic Corridors."

competitiveness of the GMS has been enhanced to maximise the benefits of wider regional links and cooperation. Further, better road and rail networks link labour markets across mainland Southeast Asia and move investment from one country to the next.⁵⁸⁴

Additionally, the long-term vision for the GMS transport system to 2030 is to be ‘seamless, efficient, reliable and sustainable’, in which seamless requires no impediments to travelling across the transport network.⁵⁸⁵ The GMS countries work together towards the goal of a single market and production base for the ASEAN Economic Community through the CBTA. If the CBTA is fully implemented, free movements of goods and vehicles and people are feasible in the GMS. This will mean that: i) trucks and drivers and goods can travel to any GMS country; ii) trucks with goods can transit through any GMS country without reloading or transloading; and ii) there will be improved institutional coordination among agencies at the borders.⁵⁸⁶

Currently, there are three pairs of borders that have implemented SSI and SWI: Hekou–Lao Cai (SWI), Lao Bao–Dansavanh (SSI) and Mukdahan–Savannakhet (SSI). The officials of countries with common borders perform their duties by carrying out joint simultaneous inspections. Although transport agreement between all six members has not yet been reached, many bilateral and trilateral

⁵⁸⁴ Thitinan Pongsudhirak, "The Mekong Region: A River Runs Through It," *Foreign Affairs* 93, no. 1 (2014).

⁵⁸⁵ ADB, "Greater Mekong Subregion Transport Sector Strategy 2030: Toward a seamless, efficient, reliable and sustainable GMS transport system."

⁵⁸⁶ "Greater Mekong Subregion Cross-Border Transport Facilitation Agreement: Instruments and Drafting History," (Philippines: Asian Development Bank, 2011)..

memorandums of understanding have been put in place to facilitate cross-border transport.⁵⁸⁷

It seems that when non-physical barriers to trade and investment are removed, trade and investment will expand, which will make the subregion more economically integrated. Moreover, the GMS countries have continued to improve physical connectivity among member states in transport, energy and information and communication technologies. For example, the GMS Program aimed to enhance regional coordination for power trading to provide an adequate and sustainable supply of energy throughout the subregion at an affordable price. The cooperation has proceeded through both policy frameworks and physical infrastructure components.⁵⁸⁸

Currently, GMS countries are working together to establish a Regional Power Coordination Centre to facilitate regional power trading in the GMS. The centre will play a crucial role in assisting GMS countries to exchange information on energy sector plans. In principle, the GMS countries are now moving closer to each other in different aspects, which contributes to form a ‘seamless community.’⁵⁸⁹

Further, the GMS has been put on the world’s tourism map as a single destination. The joint effort of GMS governments in relaxing visa regimes,

⁵⁸⁷ Currently, there are eight bilateral or trilateral memoradums of understanding in GMS, including China–Vietnam, China–Laos, Thailand–Laos–Vietnam, Thailand–Cambodia, Thailand–Laos, Vietnam–Cambodia, Vietnam–Laos, and Cambodia–Laos.

⁵⁸⁸ Yongping Zhai and Anthony J. Jude, "Energy Sector Integration for Low-Carbon Developent in GMS: Towards a Model of South-South Cooperation," in *Greater Mekong Subregion: From Geographical to Socio-economic Integration*, ed. Omkar L. Shrestha and Aekapol Chongvilaivan (Singapore: Institute of Southeast Asian studies, 2010).

⁵⁸⁹ Stephen P. Groff, "Connectivity, competitiveness, community guide Mekong regional cooperation," Asian Development Blog, <https://blogs.adb.org/blog/connectivity-competitiveness-community-guide-mekong-regional-cooperation>.

upgrading and improving airports, developing roads, initiating tourism training programs, and intensifying joint marketing efforts have resulted in substantial outcomes.⁵⁹⁰ The joint efforts of the GMS countries have made the countries more integrated in different dimensions, and cooperation at a regional level has helped to build among the GMS members, which is very important for regionalisation. The GMS leaders stated that ‘Our most important achievement has been the growing trust and confidence among our countries, which has provided a favourable environment for trade and investment’.⁵⁹¹

Also, it is worth noting that the GMS did not seek to create a separate bloc of countries, but a regionalist entity by strengthening its members’ capacities to better integrate into regional and global markets. Thus, the connectedness of the GMS should be interpreted in relation to larger frameworks. The GMS, which includes the weakest links in the ASEAN chain (i.e. Laos and Cambodia) was designed to fit into the ASEAN context by providing resources and assistance for its members to catch up with the rest of the ASEAN members. The need to narrow the development gap has been repeatedly mentioned in ASEAN documents.⁵⁹² For example, in the ASEAN Economic Community Blueprint 2025, ASEAN confirmed that it needs to ‘coordinate closely with other sub-regional cooperation frameworks in the region’ as part of narrowing the gap between CLMV and other ASEAN members.⁵⁹³ In this sense, the GMS Program

⁵⁹⁰ Alampay, "Developing Tourism in the Greater Mekong Subregion Economic Corridors."; The Greater Mekong Subregion Tourism Working Group, "Greater Mekong Subregion Tourism Sector Strategy 2016-2025".

⁵⁹¹ 1st GMS Summit of Leaders, "Joint Summit Declaration: 1st GMS Summit of Leaders."

⁵⁹² For example, ASEAN Vision 2020 (ASEAN Summit in Kuala Lumpur December 1997), Hanoi Plan of Action (ASEAN Summit in Hanoi, December 1998), Bali Concord II (ASEAN Summit in Bali, October 2003 and AEC Blueprint 2015).

⁵⁹³ ASEAN Secretariat, "ASEAN Economic Community Blueprint 2025," (Jakarta2015)..

is viewed as a building tool that helps ASEAN become less divided and enhances regional integration.

GMS activities are complementary to many ASEAN programs, particularly those in the areas of infrastructure, human resources and environment, could achieve better results at a more rapid pace when carried out in the smaller context of GMS.⁵⁹⁴ Additionally, because GMS members are not separated by oceans, infrastructure linkages are easier to establish. To some extent, GMS countries are linked each other through land routes that as a whole creates a complete land network within the region. Noticeably, the GMS road projects have become an integral part of the ASEAN Highway Network—a priority project identified by ASEAN leaders in October 2010.⁵⁹⁵

The GMS projects of trans-regional energy and telecommunication networks have been aligned with ASEAN schemes, which again confirms that the GMS is an integral part of ASEAN.⁵⁹⁶ Further ASEAN's growing infrastructure linkages in transport, energy and telecommunications are centred on the GMS, which has consolidated the significance of the subregion to the development of ASEAN.

The GMS countries have included themselves in different programs to tap the synergies and complementarity between various regional cooperative frameworks (see Chapter 3), with the aim to build a sustainable, integrated and prosperous subregion. In this sense, the GMS does not stand alone from the region but connects to various initiatives, including ASEAN, the Belt and Road

⁵⁹⁴ ADB, "ASEAN–ADB Cooperation Toward The ASEAN Community advancing integration and sustainable development in Southeast Asia " (Manila: Asian Development Bank, 2016); "Regional and Subregional Program Links: Mapping the links between ASEAN, and the GMS, BIMP-EAGA, and IMT-GT," (Philippines: Asian Development Bank, 2013).

⁵⁹⁵ Public Outreach and Civil Society Division, "ASEAN Connectivity: Project Information Sheets," (Indonesia: The ASEAN Secretariat, 2012).

⁵⁹⁶ "Master plan on ASEAN Connectivity " (Jakarta: The ASEAN Secretariat, 2011).

Initiative (BRI), LMC, ACMECS and CLMV cooperation.⁵⁹⁷ Due to open regionalism, the GMS is able to grow stronger and be more influential in regional geopolitics.

Generally, the connectedness of the GMS benefits the region and each individual GMS country. The wellbeing of the GMS will influence peace, security and prosperity in ASEAN and the Asia–Pacific. Given its strategic importance, the GMS has been provided development assistance by international and private financial institutions. Political stability and economic development in this area are important to the political and security wellbeing of ASEAN and Asia more broadly. Additionally, GMS regionalisation helps GMS members be more effective and visible in regional and global communities. Internally, GMS cooperation facilitates trust-building and confidence-making among members and with external powers.

How divided is the GMS?

Hirsch claims that the Mekong River is ‘both a uniting and dividing force’ for China and Southeast Asia.⁵⁹⁸ If the Mekong River is a foundation for multilateral cooperation among the GMS countries, the river is also a potential cause for conflict in the region. Divisions in the Mekong Subregion may be caused by three main factors: natural impact, man-made actions and involvement of external powers.

⁵⁹⁷ Benjamin Zawacki, "Implications of a Crowded Field: Sub-regional architecture in ACMECS Member States," (U.S.: The Asian Foundation, 2019).

⁵⁹⁸ Phillip Hirsch et al., *National Interests and Transboundary Water Governance in the Mekong* (Sydney: The University of Sydney, 2006).

Natural impact

The issue of climate change has entered both national and regional discussions in the GMS. Average temperatures in the region have risen by 0.5 to 1.5⁰C over the past 50 years and continue to rise.⁵⁹⁹ Altered precipitation patterns and warmer temperatures have negatively impacted to the Mekong River Basin, the Lower Mekong Basin in particular. According to Osborne, glaciers on the Tibetan Plateau, which feed the Mekong River during periods of snow melt, are vanishing due to rapidly warming temperatures.⁶⁰⁰ Snow melt accounts for about 16 percent of water volume of the river while a large amount of the river's water is filled by rainfall. However, rainfall has been quite low in recent years.

In addition, El Niño has triggered shifts in regular weather patterns and caused serious drought in the Mekong River Basin, especially in 2016.⁶⁰¹ High temperatures, low precipitation, changes of weather patterns have resulted in more frequent and damaging droughts. In the future, prolonged and unpredictable droughts can be expected more frequently, which will influence water availability in the dry season. Water scarcity is likely to occur, which will affect the water supply for agricultural production in the Mekong riparian countries and cause these countries to think of ways to keep water for their own use.

In reality, devastating drought occurred in 2016 and repeated, even worse, in 2019. According to Brian Eyler, the Southeast Asia Program Director for the Stimson Center, the water level measured on July 19, 2019 was already lower

⁵⁹⁹ WWF Greater Mekong Programme, "The Greater Mekong and Climate Change: Biodiversity, Ecosystem Services and Development at Risk," (Bangkok2009).

⁶⁰⁰ Milton Osborne, *River at Risk: The Mekong and the Water Politics of China and Southeast Asia*, Working Paper No 2 (Lowy Institute, 2004).

⁶⁰¹ Đinh Tuyen, "Khốc liệt hạn mặn, sông Mê Kông 'trơ đáy' (Mekong River dries out due to drought and saltwater intrusion)", *Tuoi Tre Newspaper*, <https://thanhnien.vn/tai-chinh-kinh-doanh/song-me-kong-tro-day-dbscl-lo-han-man-khoc-liet-1107072.html>.

than the lowest point the river has experienced in the last hundred years.⁶⁰² This impacts on not only agricultural but also electricity production by the Mekong riparian states. Cronin argued that changes in water volume could lead to competition among Mekong riparian states for the remaining water, which could seriously affect relations, especially among the Lower Mekong countries.⁶⁰³ Drought has put increasing stress on water resources and the Mekong countries may come into competition to exploit these scarce resources.⁶⁰⁴

Man-made actions

The thorny issues being tackled by the GMS are environmental issues and managing the relationships between riparian states, especially between the upstream and downstream countries. The GMS countries face a series of serious environmental challenges that have been caused by dam construction on the mainstreams and tributaries of the Mekong River. Human intervention has changed the ecological system and biodiversity of the Mekong River, which has negatively affected millions of people whose livelihoods depend on the Mekong River resources.⁶⁰⁵ Although the consequences of damming the river are evident,

⁶⁰² RFA's Vietnamese Service, "Interview: 'China Needs to Put Its Money Where its Mouth is And Actually Release Some Water to Relieve The Drought',"Radio Free Asia, <https://www.rfa.org/english/news/cambodia/mekong-forum-01112018162350.html>.

⁶⁰³ Cronin Richard and Timothy Hamlin, *Mekong Tipping Point: Hydropower Dams, Human Security and Regional Stability* (Washington D.C: Stimson, 2010).

⁶⁰⁴ Campbell, "The Challenges for Mekong River Management."

⁶⁰⁵ Cronin, "The environment and development: Greater Mekong Subregion Dynamics "; Richard and Hamlin, *Mekong Tipping Point: Hydropower Dams, Human Security and Regional Stability*; Campbell, "Chapter 17 - The Challenges for Mekong River Management."; Tom Fawthrop, "Death by dam for the Mekong ", *Asia Times* <http://www.atimes.com/article/death-dam-mekong/>; Hensengerth, "Where is the power? Transnational networks, authority and the dispute over the Xayaburi Dam on the Lower Mekong Mainstream."; Kay Johnson, "U.S. secretary of state criticizes China's dams on Mekong River," *Reuters*, https://www.reuters.com/article/us-asean-thailand-mekong/u-s-secretary-of-state-criticizes-chinas-dams-on-mekong-river-idUSKCN1UR47U?il=0&fbclid=IwAR0BGtjxeQZzbOgQX0bpt_B6uMBzgW2IRS3UKcumiX8CMsoaiQK2kLKeilg; Tom Fawthrop, "Mekong: more dams, more damage," *The Interpreter*,

Mekong countries believe that developing hydropower on the mainstream and tributaries is a solution for the growing demand for electricity that is driven by rapid industrialisation, export-led growth and the expansion of domestic consumer markets.⁶⁰⁶

The original plans for building hydropower dams was initiated in the 1950s, but the plans were not implemented due to war and instability in the region⁶⁰⁷. In the 1990s, the China's government began planning for a cascade of large dams on the Upper Mekong. A decade later, the plans for eleven large hydropower projects on the Mekong downstream, including two in Cambodia and the rest in Laos, were revived.⁶⁰⁸

Environmental threats posed by dams have become more evident over time and have given rise to tensions between those who stand to benefit and those who have to bear the impact. The nightmare scenario for the Mekong Region is that if all eleven dams are built, 'it will convert the lower stretches on the Mekong River into a series of stagnant reservoirs and irreversibly alter the river

<https://www.lowyinstitute.org/the-interpreter/mekong-more-dams-more-damage>; Kayo Onishi, "Water governance of the Mekong River Basin and Chinese national problems," in *International water security: Domestic threats and opportunities*, ed. Nevelina I. Pachova, Mikiyasu Nakayama, and Libor Jansky (Tokyo: United Nations University Press, 2008).

⁶⁰⁶ Philip Hirsch, "Cascade effect," *China Dialogue*, <https://www.chinadialogue.net/article/4093-Cascade-effect>.

⁶⁰⁷ United Nations, "Atlas of physical economic and social resources of the Lower Mekong Basin " (n.p.: United Nations, 1968).

⁶⁰⁸ Goh, "Developing the Mekong: Regionalism and regional security in China -Southeast Asian relations."; Peter T. Adamson et al., "Chapter 4 - The Hydrology of the Mekong River," in *The Mekong*, ed. Ian C. Campbell (San Diego: Academic Press, 2009); The Economist, "Requiem for a river: Can one of the world's great waterways survive its development?," *The Economist*, <https://www.economist.com/news/essays/21689225-can-one-world-s-great-waterways-survive-its-development>.

system.⁶⁰⁹ Additionally, the dams would block the migration of fish and change their natural habitats. According to International Rivers, the eleven dams would reduce Mekong fish species by around twenty-six to forty-two per cent and more than 100 species would be in danger. Thousands of people would be forced to leave their homes and the food security of over two million people would be threatened.⁶¹⁰ Even worse, dozens of more dams are under construction or planned along the Mekong tributaries, which also means food, sources of income and ways of life for millions more would be threatened.⁶¹¹

In sum, dam construction on the Mekong River will affect the ecosystem and biodiversity of the river and result in asymmetric relationships between upstream and downstream countries. The national interests of individual states tends to focus on economic benefits; these are biased towards 'large infrastructure projects whose environmental and social consequences may in fact be quite disastrous'.⁶¹² The construction of dams has been the main reason for tensions between upstream and downstream countries. Figure 8.3 illustrates the locations of dams on the Mekong River.

⁶⁰⁹ Timothy Webster, "Southeast Asia's Rivers run dry," <http://www.asiasentinel.com/society/southeast-asia-rivers-run-dry/>.

⁶¹⁰ International Rivers, "Who Will Bear the Costs of the Dams?," <https://www.internationalrivers.org/resources/the-lower-mekong-dams-factsheet-text-7908#Sharingriver> .

⁶¹¹ Stefan Lovgren, "Southeast Asia May Be Building Too Many Dams Too Fast," National Geographic, <https://www.nationalgeographic.com/environment/2018/08/news-southeast-asia-building-dams-floods-climate-change/>; Radio Free Asia, "Laos and its Dams: Southeast Asia's Battery, Built by China," Radio Free Asia, <https://www.rfa.org/english/news/special/china-build-laos-dams/>.

⁶¹² Hirsch et al., National Interests and Transboundary Water Governance in the Mekong..

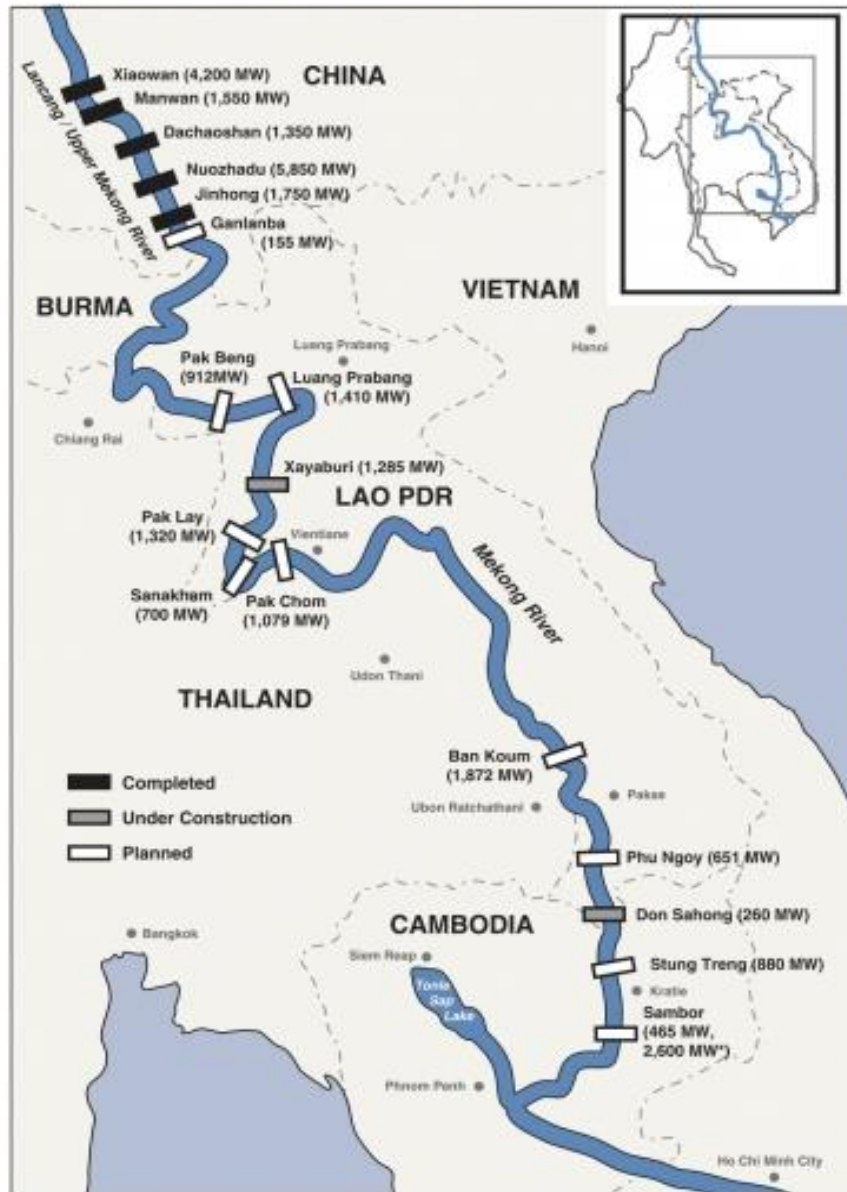


Figure 8.3: Dams on the mainstream Mekong River

Source: International Rivers⁶¹³

⁶¹³ International River, "Mekong Mainstream Dams Map," <https://www.internationalrivers.org/resources/mekong-mainstream-dams-map-16481>.

China and Laos have the most mainstream hydropower potential and are positioned to receive the most benefits from damming the Mekong River, which means that they have the greatest potential to adversely affect the other four downstream countries. The socioeconomic costs will be borne mainly by downstream countries, especially the two most downstream countries, Cambodia and Vietnam. Likewise, dam construction on tributaries by Cambodia, Thailand and Vietnam can also affect their riverine neighbours.

There are at least three scenarios of fragmentation within the GMS over dam construction that will impact on different sets of riparian states.

The first scenario involves China and the Lower Mekong countries. China as the uppermost riparian country and the most powerful in terms of political influence and economic weight, has the capacity to proceed with hydropower dam construction without consulting neighbouring countries along the Mekong River. The non-membership status of China in the MRC is believed to be maintained for the sake of China's own benefit.⁶¹⁴

The immediate consequences of building dams can be envisioned as altering the volume of the river's flow and holding back significant amounts of silt that provides nutrients for downstream agriculture. For example, in the case of mega-dam Nuozhadu on the Lancang section, it takes up to ten years to fill the dam to its storage capacity of 22,400 million cubic metres.⁶¹⁵ To do that, China has to sequester the Mekong River within China and deprive water to downstream

⁶¹⁴ Gabriella Neusner, "Why the Mekong River Commission Matters," *The Diplomat*, <https://thediplomat.com/2016/12/why-the-mekong-river-commission-matters/>; Vu, "Between system maker and privileges taker: the role of China in the Greater Mekong Sub-region."

⁶¹⁵ Goh, "Developing the Mekong: Regionalism and regional security in China -Southeast Asian relations," 45..

countries.⁶¹⁶ The filling too much water for the dams during dry season results in the dramatic fall of water levels downstream.

According to research conducted at Aalto University in Finland, a historic drought that happened to downstream Mekong countries in 2016 was exacerbated by upstream water sequestration, particularly by dams in China.⁶¹⁷ Additionally, holding back water in dams will lead to fewer seasonal floods downstream. Reduction in sediments will reduce soil fertility, which has an influence on wide areas of rice cultivation in the Lower Mekong Basin. Even worse, salinity becomes hard to control due to fewer and lower floods; consequently, rice production is negatively impacted. Conversely, if heavy floods occur, dam operators are likely to release water from the reservoirs to protect the dams. When this happens, properties, livestock and even people living downstream along the river are drowned by sudden high flooding.⁶¹⁸

The decline in biodiversity will be accompanied by falling productivity in wild-capture fisheries. Fish are the main source of protein for many people throughout the Mekong Region and the reduction in volume of fish will negatively impact on the lives of millions of people living along the river who catch their own fish or rely on fish and related products for their livelihood. Obviously, dam construction does not affect the costs of developers, but will be borne by citizens of other Mekong countries, particularly those in downstream countries.⁶¹⁹ The

⁶¹⁶ Philip Hirsch, "China and the Cascading Geopolitics of Lower Mekong Dams," *The Asia-Pacific Journal* 9, no. 20 (2) (2011).

⁶¹⁷ Timo A. Räsänen et al., "Observed river discharge changes due to hydropower operations in the Upper Mekong Basin," *Journal of Hydrology* 545 (2017)..

⁶¹⁸ Radio Free Asia, "Villagers in Laos and Thailand Suffer as China Opens the Floodgates on Mekong River Dams," Radio Free Asia, <https://www.rfa.org/english/news/laos/china-dam-mekong-laos-thailand-07032019151600.html>; Evelyn Goh, "Chapter Four: Regionalism and Regional Security," *The Adelphi Papers* 46, no. 387 (2007).

⁶¹⁹ Campbell, "The Challenges for Mekong River Management."

picture in the Appendix E sketched by Wang Liming who is known under the pseudonym Rebel Pepper successfully captures this scenario.

The second scenario involves China, Laos and Thailand on the one hand and Cambodia and Vietnam on the other if Laos decided to implement further dam building on the Mekong's mainstream. Laos is a landlocked country and the poorest member of ASEAN. Laos's ambition is to become a hydroelectric battery for the region in order to earn hard currency from the export of electricity to its neighbours, especially Thailand.

So far, Laos has constructed only two hydropower dams on the mainstream of the Mekong River, namely the Xayaburi Dam and the Don Sahong Dam. When Laos decided to build the Xayaburi Dam in 2010, the government had to go through the Procedures for Notification, Prior Consultation and Agreement required by the 1995 Mekong Agreement.⁶²⁰ However, after the six-month long process, Cambodia, Laos, Thailand and Vietnam could not reach a compromise.⁶²¹ The project is especially worrisome to the downstream countries Cambodia and Vietnam who did not support the project.⁶²² Vietnam has continuously expressed its concern regarding the project through many channels; but after agreeing to postpone the project, Laos finally began the project in 2012.⁶²³

Conversely, Thailand supported implementation of the project because it would help Thailand meet its growing demand for energy. A Thai company was also a

⁶²⁰ Hensengerth, "Where is the power? Transnational networks, authority and the dispute over the Xayaburi Dam on the Lower Mekong Mainstream."

⁶²¹ Ibid.

⁶²² Andrea Haefner, "Water Governance in the Mekong," (Australian Institute of International Affairs, 2016)..

⁶²³ Giovannini Gabriele, "Power and geopolitics along the Mekong: The Laos-Vietnam Negotiation on the Xayaburi Dam," *Journal of Current Southeast Asian Affairs* 37, no. 2 (2018)..

major investor in the project. For China, which has been a target of blame for destroying the ecosystems and biodiversity of the Mekong River, by supporting Laos would be not alone in constructing dams on the Mekong River.⁶²⁴

Moreover, Laos is now developing the USD 2.4 billion Pak Beng Dam, the northernmost of eleven proposed dams. This project is being carried out by China Datang Overseas Investment, a Beijing-based power development company; when completed it will export 90 per cent of its generated electricity to Thailand.⁶²⁵ Pak Beng is expected to have total capacity of 912 MW and a water discharge capacity of 6 million cubic metres per second. The construction of the dam is set to join two other Lao dams along the Mekong, the Xayaburi Dam and the Don Sahong Dam.

The Pak Beng Dam will have an effect on the lower course of the Mekong River in Laos, Thailand and Cambodia. Vietnam's Mekong Delta will suffer the most. The Mekong Delta in Vietnam 'produces fifty per cent of the country's staple food crops and 90 per cent of its rice exports. It is one of the most productive and densely populated areas of Vietnam, home to eighteen million people. Vietnam cannot lose the delta'.⁶²⁶ The Lao project received support from Thailand, while the dam's plan came under heavy fire from Cambodia and Vietnam.⁶²⁷

⁶²⁴ Radio Free Asia, "Laos and its Dams: Southeast Asia's Battery, Built by China"; Shannon Tiezzi, "China and Laos' Dam Disaster," *The Diplomat*, <https://thediplomat.com/2018/08/china-and-laos-dam-disaster/>.

⁶²⁵ Fawthrop, "Death by dam for the Mekong"..

⁶²⁶ "Killing the Mekong, Dam by Dam," *The Diplomat* <http://thediplomat.com/2016/11/killing-the-mekong-dam-by-dam/>..

⁶²⁷ Madeleine Lovelle, "Laos: Pak Beng Dam Project Approved, but at What Cost?," *Future Directions*, <http://www.futuredirections.org.au/publication/laos-pak-beng-dam-project-approved-cost/>; Ha Phuong, "Hàng trăm thủy điện thượng nguồn Mekong đe dọa ĐBSCL [Hundreds of upstream hydropower projects threaten the Mekong Delta]," *Date*, <https://news.zing.vn/hang-tram-thuy-dien-thuong-nguon-mekong-de-doa-dbscl-post830099.html>; *VietnamNews*, "Việt Nam urges Laos to rethink Mekong River dams,"

In sum, there is potential for a dispute between Vietnam and Laos. For some analysts, Laos's determination to move forward with the dam construction had the potential to undermine diplomatic ties between the two countries and threaten the peaceful and prosperous equilibrium that the entire Mekong Region has achieved following decades of war.⁶²⁸

The final scenario involves Cambodia and China on one side in conflict with Laos and Vietnam on the other if Cambodia builds dams at Sambor, Kratie province. If the dam is constructed, it will drastically reduce fisheries from the Mekong Delta to northern Laos as well as Cambodia's own Tonle Sap. As revealed by a report that was commissioned by the Cambodian government, 'the impact on fisheries would be devastating as it would block fish migration from the Tonle Sap, a vital tributary to the Mekong and the spawning grounds upstream'.⁶²⁹ The dam was planned by China Southern Power Grid Co. and the government of China was believed to support the plan.⁶³⁰ The plan has been

<https://vietnamnews.vn/society/376444/viet-nam-urges-laos-to-rethink-mekong-river-dams.html#kv4iYoMZRBqCRQHv.97>; *ibid.*

⁶²⁸ Cronin and Hamlin, "Mekong Turning Point: Shared River for a Shared Future."

⁶²⁹ Dong Phong, "Hiểm họa từ dự án thủy điện lớn nhất Mekong ở Campuchia [Dangers from the biggest hydroproject in Cambodia]," Zing news, <https://news.zing.vn/hiem-hoa-tu-du-an-thuy-dien-lon-nhat-mekong-o-campuchia-post843571.html>; Pham Nghia, "Dự án đập do Trung Quốc hỗ trợ sẽ "phá hủy" sông Mekong [Chinese-backed dam project will "destroy" Mekong River]," Nguoi Lao Dong, <https://nld.com.vn/thoi-su-quoc-te/du-an-dap-do-trung-quoc-ho-tro-se-pha-huy-song-mekong-20180517185041662.htm>; Tom Fawthrop, "Leaked report warns Cambodia's biggest dam could 'literally kill' Mekong river," The Guardian, <https://www.theguardian.com/environment/2018/may/16/leaked-report-warns-cambodias-biggest-dam-could-literally-kill-mekong-river>.

⁶³⁰ The dam was originally planned by China Southern Power Grid Co. but in 2011 the company withdrew from the project after protests from villages. See "Leaked report warns Cambodia's biggest dam could 'literally kill' Mekong river". Stephen Wright, "Study says China-backed dam in Cambodia would destroy Mekong," AP News, <https://www.apnews.com/542ee4dbc1ba4991a4f7b626c85a3974>; Associated Press, "New dam in Cambodia 'would destroy Mekong'," Bangkok Post, <https://www.bangkokpost.com/world/1468045/study-china-backed-dam-in-cambodia-to-destroy-mekong>.

bitterly opposed by environmentalists because it will put fisheries in danger and Vietnam will have to suffer unbearable costs.⁶³¹ Regional relationships could become strained if the project is implemented.

Additionally, Vietnam has constructed dams on several tributaries in its Central Highlands that flow into the Mekong River. These dams have caused damage to downstream Cambodian villages.⁶³² Although these dams did not provoke open criticism like the mega-dam projects of the upstream countries, this action would have contributed to the fragmentation of the GMS.

Involvement of external powers

The fragmentation of the Mekong Subregion is due to the proliferation of too many multilateral schemes. As discussed in Chapter 3, there are thirteen cooperative mechanisms in the region, including cooperation both among the Mekong countries and between Mekong countries and external partners. Cooperation brings economic gains and political advantages to the Mekong Subregion if it is well-managed and coordinated.

Since the majority of countries in the Mekong Subregion have limited capacity and often lack resources to develop their countries, it is quite common that they rely on external support. Through these cooperation mechanisms, particularly those with outside partners, the Mekong riparian states have more resources to improve infrastructure, transport connectivity and people's livelihoods. The countries in the Mekong Subregion pursue their own national interests and agendas when they participate in regional cooperation. But too many cooperative

⁶³¹ "Study says China-backed dam would destroy Mekong," CNBC, <https://www.cnbc.com/2018/05/17/study-says-china-backed-dam-would-destroy-mekong.html>.

⁶³² Thanh Hang, "Những con đập bức tử sông Mê Kông [Dams that kill the Mekong River]," Nhip cau dau tu, <https://nhipcaudautu.vn/chuyen-de/nhung-con-dap-buc-tu-song-me-kong-3325716/>.

mechanisms create demands for limited resources thus hindering the efficiency of regional cooperation.

The push for regional cooperation partly lies in the political dynamics of external powers that are strategic rivals that pursue a balance of power. Since external states have either direct or indirect interests in the region, investment has been scattered and failed to generate maximum impact. These regional frameworks create a new competitive multilateral architecture for the region that has the effect of weakening rather than reinforcing regionalism. Further, the participation in too many concurrent schemes that have achieved little progress has resulted in lower expectations in riparian states and dampened the impetus to step up regional cooperation.

In short, while there are efforts to pull the Mekong countries together, there are also factors that hinder the process. The main obstacle facing regional integration is the differing national interests of the Mekong riparian states.⁶³³ These states cannot control extreme weather, but they can learn how to share water and related resources rather than competing to keep the larger share for themselves.

It is natural for states to develop the energy sector to fuel the growing demand for their fast-developing economies, but it is not in the common interest of riparian states to ignore the consequences of damming and its disastrous effects on river flow on their neighbours. It is the selfish aspiration of each country that undermines GMS members' solidarity and makes regionalisation more difficult to attain. The intrusiveness of external powers exacerbates this situation. Unless

⁶³³ Hensengerth, "Transboundary River Cooperation and the Regional Public Good: The Case of the Mekong River."; Hirsch et al., *National Interests and Transboundary Water Governance in the Mekong*; Philip Hirsch, "Beyond the nation state: natural resource conflict and "national interest" in Mekong hydropower development.," *Golden Gate University Law Review* 29, no. 3 (1999).

the Mekong countries learn to manage the Mekong more effectively regional building, an integrated Mekong Subregion will remain a distant dream.

China's impact on Mekong regionalisation

One of the biggest challenges facing the Mekong Subregion is to accommodate the rise of China in the future of the region. This is due to two main reasons. First, China has considerable advantage because of its location in the Upper Mekong which enables it to control the flow of water to downstream states. Second, China seeks to establish a regional order that takes into account its political, economic and military potential; in addition, China has aspirations to leadership at the international level. In the long-term, China's will require careful management by the GMS countries.

China has the ability to control the Mekong River owing to its geographic location. By developing its domestic hydropower capacity, China, the biggest contributor to hydropower dams on the Mekong has the capability to reap all the benefits of its location at the expense of the entire Mekong River and the millions of people that are dependent on the Mekong. China can unilaterally decide how it wants to develop its section of the river because there is no international treaty governing the use of transboundary rivers or hydropower developments.⁶³⁴ Additionally, China and Myanmar are not members of the MRC. Therefore, China does not recognise that it has any responsibility to consult with other Mekong countries regarding its domestic dam plans.⁶³⁵

⁶³⁴ China, Turkey and Burundi voted against the UN draft of a 'Convention on the Law of Non-Navigational Use of International Watercourses'. To date, the Convention has 31 contracting states, which is four short of the number required for entry into force as stipulated in Article 36 of the Convention. See Timo Menniken, "China's Performance in International Resource Politics: Lessons from the Mekong," *Contemporary Southeast Asia: A Journal of International & Strategic Affairs* 29, no. 1 (2007).

⁶³⁵ Neusner, "Why the Mekong River Commission Matters"; Summers, "China and the Mekong Region."; Vu, "Between system maker and privileges taker: the role of China in the Greater

China has proceeded to construct dams to provide electricity for Yunnan province and its eastern provinces and for export to Southeast Asia. According to the International Energy Agency's *Southeast Asia Energy Outlook 2017* report,⁶³⁶ Southeast Asia's energy demand is expected to rise by as much as 60 per cent by 2040, which foreshadows an increasing dependence of Southeast Asian countries on China for electric power.⁶³⁷

China's natural geographical advantage means that GMS members must cooperate with China to manage the Mekong River and its resources rather than vice versa.⁶³⁸ MRC members should cooperate with Myanmar as well in order to mitigate any possible negative effects of dam construction in that country. In other words, the puzzle of water management cannot be solved by just any regional mechanism but must rely on a mechanism that incorporates collaboration by all riparian states. Finally, the development of dams on the upper Mekong will set a bad precedent for downstream countries if they too see no reason to restrain domestic development that negatively affects neighbouring states.

The rise of China's economic power requires no elaboration here as China has become increasingly influential in regional and global affairs. The Asian Financial Crisis of 1997 marked a turning point in China's relations with

Mekong Sub-region."; Truong-Minh Vu and Maximilian Mayer, "Hydropower infrastructure and regional order making in the Sub-Mekong region," *ibid.* 61, no. 1 (2018).

⁶³⁶ International Energy Agency, "Southeast Asia Energy Outlook 2017," in *World Energy Outlook Special Report* (France: International Energy Agency, 2017).

⁶³⁷ Eijas Ariffin, "How hydropower could kill the Mekong," *The ASEAN Post*, <https://theaseanpost.com/article/how-hydropower-could-kill-mekong..>

⁶³⁸ Sebastian Biba, "China's hegemonic choice in the Mekong region," (August 30, 2019), <https://www.eastasiaforum.org/2019/08/30/chinas-hegemonic-choice-in-the-mekong-region/>; Catherine Wong, "Is Mekong River set to become the new South China Sea for regional disputes?," *South China Morning Post*, <https://www.scmp.com/news/china/diplomacy-defence/article/2126528/mekong-river-set-become-new-south-china-sea-regional>.

Southeast Asia. China's prompt and generous response to the crisis resulted in the growth of bilateral and multilateral ties between China and Southeast Asia. China provided billions of dollars in loans to Thailand and other ASEAN countries.⁶³⁹

Further, China used the GMS Program as a platform to enhance its cooperation with ASEAN and as a bridge connecting China with Southeast Asia and South Asia. The GMS Program plays a crucial role in China's foreign policy. The GMS Program was the very first mechanism through which China cooperated directly with ASEAN countries. China viewed cooperation with the Mekong countries as a part of its larger plan to develop relations in the wider Southeast Asian region. Therefore, China has exerted its influence through various means, including bilateral trade, foreign aid and large-scale investment, especially in infrastructure.⁶⁴⁰

Although China's dam construction in the Upper Mekong has been criticised by downstream countries, China has played a positive role in developing electricity in the GMS. For example, China has offered budgetary and technical support to construct hydropower plants in Myanmar, Laos and Cambodia.⁶⁴¹ China's state-owned power corporations have stakes in several key hydropower projects in the Mekong Subregion, including Pak Beng, Pak Lay, Xanakham (Laos) and Sambor (Cambodia). While Thailand has taken a lead in developing Laos's hydropower

⁶³⁹ Santasombat Yos and Xingzhou Song, *Impact of China's rise on the Mekong Region* (New York: Palgrave Macmillan, 2015)..

⁶⁴⁰ Lu Guangsheng, "China seeks to improve Mekong Subregional Cooperation: Causes and Policies " (Singapore: Ratcharatnam School of International Studies, 2016).

⁶⁴¹ Dominic Faulder, "Dams threaten way of life in Mekong countries," *Asian Nikkei Review*, <https://asia.nikkei.com/Economy/Dams-threaten-way-of-life-in-Mekong-countries>; Vanessa Lamb and Nga Dao, "Perceptions and Practices of Investment: China's hydropower investments in mainland Southeast Asia," (N/A: BRICS Initiative for Critical Agrarian Studies(BICAS), 2015).

potential, China has taken a ‘near-monopoly position’ in developing Cambodia.⁶⁴² According to a report of the US Energy Information Administration, Chinese investors financed forty-six per cent of all electricity projects in the region.⁶⁴³

China has become the main investor in the downstream countries, and this has resulted in asymmetrical relationships between China and other riparian states.⁶⁴⁴ In the long run, according to Richard and Hamlin, this dependency will create an ‘unhealthy geostrategic advantage for Beijing.’⁶⁴⁵ Although downstream countries have suffered severely from the impact of Chinese dam construction on the Mekong River, Laos and Cambodia still depend on China to construct their dams, while Vietnam relies on China for electric power. Specifically, since 2004 Vietnam has increasingly imported electricity from Yunnan and Guangxi of China.⁶⁴⁶

To a certain extent, it is difficult for the other Mekong countries to resist the temptation of relying on China for hydropower development and supply. In the future, the growing demand for electricity likely will result in greater dependency

⁶⁴² Phua Peipei, "China's collaboration with Indochina countries in hydropower development in the Mekong Region: How far can it go?," in *CHINA-ASEAN Sub-regional Cooperation: Progress, Problems and Prospect*, ed. Mingjiang Li and Chong Guan Kwa (Singapore: World Scientific Publishing Company, 2011). *Problems and Prospect* ed. Mingjiang Li and Chong Guan Kwa (Singapore: World Scientific Publishing Company, 2011), 107.

⁶⁴³ Ariffin, ‘How Hydropower Could Kill the Mekong’.

⁶⁴⁴ Faulder, "Dams threaten way of life in Mekong countries"; Lamb and Dao, "Perceptions and Practices of Investment: China's hydropower investments in mainland Southeast Asia."

⁶⁴⁵ Richard and Hamlin, *Mekong Tipping Point: Hydropower Dams, Human Security and Regional Stability*.

⁶⁴⁶ Truong-Minh Vu and Maximilian Mayer, ‘Hydropower Infrastructure and Regional Order Making in the Sub-Mekong Region’, *Revista Brasileira de Política Internacional* 61, no. 1 (2018).

on China. Besides, China is also a major contributor to GMS projects and has contributed more funds than any other GMS country.⁶⁴⁷

In 2013, China announced the BRI to extend its influence through the construction of roads, high-speed trains and ports.⁶⁴⁸ China's State Councillor and Foreign Minister, Wang Yi stated at the GMS Summit in 2018 that the BRI would put 'the GMS countries in a solid and unique position in the Belt and Road cooperation and that China can share the fruits of cooperation with the GMS countries.'⁶⁴⁹

Five GMS countries have signed cooperation agreements with China on the joint development of BRI.⁶⁵⁰ This means that China's influence in the GMS will increase in tandem with BRI-related construction. China's rise may become a double-edged sword for the GMS. China's strong comprehensive economic power could provide generous funds for GMS countries to develop infrastructure and connectivity networks, whereas, too much reliance on China as an investor and donor may result in the GMS countries falling into a debt trap.⁶⁵¹

⁶⁴⁷ Li Chenyang and He Shengda, 'China's Participation in the GMS Cooperation: Progress and Challenges', in *China-ASEAN Sub-Regional Cooperation: Progress, Problems and Prospect*, ed. Mingjiang Li and Chong Guan Kwa (Singapore: World Scientific, 2011).

⁶⁴⁸ BRI refers to the Silk Road Economic Belt and the 21st century Maritime Silk Road, which was proposed by China in 2013. This initiative aimed at building a trade and infrastructure network to connect Asia with Europe and Africa along the ancient trade routes of the Silk Road.

⁶⁴⁹ Bangkok Post, "Thailand resisting falling into rail debt trap," Date <https://www.bangkokpost.com/business/1667000/thailand-resisting-falling-into-rail-debt-trap>; Bernhard Zand, "Belt and Road: Operation Mekong," Date <https://southeastasiaglobe.com/along-the-mekong-a-china-dominated-world-is-beginning-to-form/>.

⁶⁵⁰ Xinhuanet, "Mekong River countries can become major cooperation partners in Belt and Road Initiative: Chinese state councilor," Date http://www.xinhuanet.com/english/2018-03/31/c_137078023.htm.

⁶⁵¹ Bangkok Post, "Thailand resisting falling into rail debt trap"; Zand, "Belt and Road: Operation Mekong"; Alito L. Malinao, "China's debt-trap diplomacy: Inquirer columnist,"

Moreover, mega-projects invested or implemented by China usually result in Chinese migrants, including professionals, unskilled workers and small traders, relocating into the GMS⁶⁵². For example, consider the case of the port city of Sihanoukville in Cambodia. Sihanoukville is home to the only deep-water port in Cambodia and is part of the BRI. Sihanoukville, which has received considerable investment from China, now hosts USD 42 billion worth of Chinese-owned power plants and offshore oil infrastructure. Under the BRI, China also financed a new highway to Phnom Penh and a large airport in the city.⁶⁵³ Sihanoukville is now dubbed a Chinese city in Cambodia with the mushrooming of Chinese business establishments and residents in the city. This scenario may repeat itself in other GMS countries, such as Laos, Myanmar or Vietnam, if these countries are not cautious enough about managing huge investment flows from China.

On the whole, China's rapid economic rise can be considered to be an opportunity and a challenge. China has enough conditions to become a rule-maker in the GMS cooperation thanks to its privilege over its geographical location and economic, political and military strength.

Straitstimes, <https://www.straitstimes.com/asia/se-asia/chinas-debt-trap-diplomacy-inquirer-columnist>.

⁶⁵² Zand, "Belt and Road: Operation Mekong"; *ibid.*; Michael Sullivan, *China Reshapes The Vital Mekong River To Power Its Expansion*, podcast audio, Weekend Edition Saturday, accessed 10 January 2019, October 6, 2018, <https://www.npr.org/2018/10/06/639280566/china-reshapes-the-vital-mekong-river-to-power-its-expansion>. Hannah Ellis-Petersen, "How Chinese money is changing Sihanoukville – 'No Cambodia left'," South China Morning Post, <https://www.scmp.com/magazines/post-magazine/long-reads/article/2158621/how-chinese-money-changing-sihanoukville-no>.

⁶⁵³ "How Chinese money is changing Sihanoukville – 'No Cambodia left'".

Challenges for the GMS

Major political developments occurred inside the GMS members that promised to have significant effects on GMS regionalisation during the end of 2018 and the beginning of 2019.

In Vietnam, although it is likely that there would be more consistency in Vietnam's GMS policies thanks to socio-economic stability, anti-China sentiment can, to some extent, spill-over into GMS Cooperation. Vietnam put forward the draft law on Special Administrative and Economic Zone in May 2018 with the view of offering investors greater incentives and fewer restrictions. The draft was introduced at a time of rising tensions over the disputed South China Sea. The draft did not identify potential foreign investors that can lease land up to 99 years, but there existed the fear that it would be dominated by China. As a result, thousands of protestors carried anti-China banners that read 'No Special Zone — No leasing land to China — Even for one day!' in most of big cities.⁶⁵⁴ As a result, the government postponed consideration of the Law until 2019.⁶⁵⁵ Moreover, the growing tensions in the South China Sea have endorsed the sentiment among people in Vietnam. While Hanoi continues to 'muddle through by 'cooperating and struggling' with China⁶⁵⁶, GMS

⁶⁵⁴ Reuters, "Vietnam police halt protests against new economic zones," <https://www.reuters.com/article/us-vietnam-protests/vietnam-police-halt-protests-against-new-economic-zones-idUSKCN1J605X>. Tom Fawthrop, "Vietnam Mass Protests Expose Hanoi's China Dilemma," *The Diplomat*, <https://thediplomat.com/2018/06/vietnam-mass-protests-expose-hanoi-china-dilemma/>.

⁶⁵⁵ Carlyle A Thayer, "Weighing up political developments in Vietnam," *East Asian Forum*, <https://www.eastasiaforum.org/2018/12/11/weighing-up-political-developments-in-vietnam/>.

⁶⁵⁶ Carl Thayer, an expert on Vietnam affairs, argued that VPC Committee has three options to deal with China in Vanguard Bank. One option is 'continue to muddle through by 'cooperating and struggling' with China. This statement is also true in the case of the GMS Cooperation, whereby China and its behavior will pose challenges to further cooperation. See Carlyle A. Thayer, "Vietnam's Party Central Committee Has Three Options to Deal with China in Vanguard Bank," *Radio Free Asia*, <https://www.rfa.org/english/commentaries/vietnam-vanguard-10022019122923.html?searchterm%3Auf8%3Astring=+Thayerhttps%3A%2F%2Fwww.rfa.o>

regionalisation might be slowed down, specially at the areas that involve with China.

Further, Cambodia for all intents and purposes became a one-party regime following an election that had been criticised as being neither free nor fair, which was called a ‘sham election’⁶⁵⁷. The election was blamed to be neither free nor fair because there was no significant challenger to Hun Sen. Hun Sen’s intimidation and dissolution the main opposition Cambodia National Rescue Party⁶⁵⁸ helped him secure his position. Prime Minister Hun Sen became one of the world’s longest-serving heads of government, having remained in power since 1985.⁶⁵⁹ Therefore, it can be envisaged that radical changes in socioeconomic are unlikely to occur.

Thailand has been under military rule since the coup in May 2014. Thailand marked its return to democracy after five years with the general election on 24 March 2019. The junta repeatedly postponed the election, which caused protests in several parts of the country.⁶⁶⁰ Even after the general election was held the election results were only announced after a forty-five-day delay Thailand’s

rg%2Fenglish%2Fcommentaries%2Fvietnam-vanguard-10022019122923.html%3Fsearchterm%3Auf8%3Austring%3D+Thayer&fbclid=IwAR28RX XU_EE4aLx7OrSQ_fUNoHEkxgAM9IJolL17SoxHZJ_wOBTq9B7f081E.

⁶⁵⁷ The Guardian, "Cambodian polls close as rights group criticise 'sham' election," <https://www.theguardian.com/world/2018/jul/29/cambodian-election-hun-sen-vote>. Nathan A. Thompson, "Cambodia's election condemned as a 'sham'," *Date*, CNN, <https://edition.cnn.com/2018/07/27/asia/cambodia-election-intl/index.html>.

⁶⁵⁸ In late 2017, the Cambodian People’s Party (CPP)-controlled Supreme Court dissolved the main opposition party, the Cambodia National Rescue Party (CNRP).

⁶⁵⁹ Prashanth Parameswaran, "What’s Next for Cambodia After its 2018 Elections?," *The Diplomat*, <https://thediplomat.com/2018/07/whats-next-for-cambodia-after-its-2018-elections/>.

⁶⁶⁰ Hannah Ellis-Petersen, ‘Thailand to Hold Elections on 24 March’, *The Guardian*, <https://www.theguardian.com/world/2019/jan/23/thailand-marks-stilted-return-to-democracy-with-march-election>.

socio-political stability is not yet assured. Besides, the credibility of the final election results was questioned.⁶⁶¹ As a result, it is foreseeable that the internal situation of Thailand will need time to stabilise.

The escalating Rohingya crisis has created the biggest humanitarian concern in Southeast Asia and put de facto leader Aung San Suu Kyi and her National League for Democracy party, in a difficult situation to complete the democratic transition initiated by the election in 2015.⁶⁶² These political developments may slow regional cooperation and require countries to prioritise domestic issues before continuing to strengthen regional cooperation.

Furthermore, in July 2018, a section of the Xe-Pian Xe-Namnoy hydropower dam in southern Laos collapsed, reportedly killing at least thirty-five people, leaving hundreds missing and displacing 6,000 others. When completed this dam will be the fourth largest hydropower project on the Mekong.⁶⁶³ It was expected that this disaster would halt the construction of the Pak Lay dam in Xayaburi province. However, the Lao government decided to proceed with a six-month regional consultation process before resuming construction. This caused concern in Lower Mekong countries and even the MRC, an intergovernmental body that regulates developments on the river. The Pak Lay dam and the 912-megawatt

⁶⁶¹ Grant Peck, "Final Election Results Leave Thailand Divided," *The Diplomat*, <https://thediplomat.com/2019/05/final-election-results-leave-thailand-divided/>.

⁶⁶² Council on Foreign Relations, "Rohingya Crisis in Myanmar," Date, October 4, <https://www.cfr.org/interactive/global-conflict-tracker/conflict/rohingya-crisis-myanmar>; Emanuel Stoakes and Hannah Ellis-Petersen, "Rohingya crisis: UN investigates its 'dysfunctional' conduct in Myanmar," *The Guardian*, <https://www.theguardian.com/world/2019/feb/27/un-investigates-conduct-myanmar-rohingya>; Aisha Ismail and Elliot Dolan-Evans, "The International Community's Response to the Rohingya Crisis," Date, Australian Institute of International Affairs, <http://www.internationalaffairs.org.au/australianoutlook/international-community-response-rohingya/>.

⁶⁶³ Hannah Ellis-Petersen, "Laos Dam Collapse: Work Continues on Huge Projects Despite Promised Halt", *The Guardian*, <https://www.theguardian.com/world/2018/aug/21/laos-dam-collapse-work-continues-on-huge-projects-despite-promised-halt>.

Pak Beng dam were both financed by Chinese developers, and their involvement aroused further feelings of uncertainty in neighbouring states.

Moreover, as argued by Nguyen, the Mekong Subregion will be caught in a tug-of-war between two global superpowers, China and the US.⁶⁶⁴ Recently, U.S Secretary of State, Michael Pompeo publicly criticised China for causing a severe drought in the Lower Mekong in his opening remarks⁶⁶⁵ at the LMI Ministerial in Bangkok on 1 August 2019. 'The river is at its lowest levels in a decade, a problem linked to China's decision to shut off water upstream,' said Pompeo.

With the advantage of its upstream position on the Mekong River, China is able to exert more influence on its neighbours by controlling the amount of water flowing. In addition, China is able to exert influence by offering finance to back up its own initiatives in the region.

Equally significant, China was seeking to build a military base in Cambodia.⁶⁶⁶ Although both Chinese and Cambodian governments denied there were any plans for a Chinese military base, it was revealed that China had signed a secret agreement allowing it to use a Cambodia navy base.⁶⁶⁷ Obviously, if this is true,

⁶⁶⁴ Khac Giang Nguyen, "The Mekong region is caught in a tug-of-war," <https://www.eastasiaforum.org/2019/02/07/the-mekong-region-is-caught-in-a-tug-of-war/>.

⁶⁶⁵ Michael R. Pompeo-Secretary of State, "Opening Remarks at the Lower Mekong Initiative Ministerial," (Bangkok, Thailand 1 August 2019).

⁶⁶⁶ Nguyen, "The Mekong region is caught in a tug-of-war".

⁶⁶⁷ Jeremy Page, Gordon Lubold, and Rob Taylor, "Deal for Naval Outpost in Cambodia furthers China's quest for military network," Wall Street Journal, <https://www.wsj.com/articles/secret-deal-for-chinese-naval-outpost-in-cambodia-raises-u-s-fears-of-beijings-ambitions-11563732482?redirect=amp&fbclid=IwAR0APW04ZyPRthex38GT4ohhTYbJ6vOby0arw9ryUfYOppNbuUdvJcixPdQ#click=https://t.co/BDmOt8a7dR>. Malcolm Davis, "China's Cambodia gambit," The Strategist, https://www.aspistrategist.org.au/chinas-cambodia-gambit/?fbclid=IwAR1hqIx79NFddAS8F-_1UVm7hdVr_jNBDS7c1eBMF8iRtod-Lt4WOSPnFWU.

the future presence of China in the Mekong region could be destabilising as it would intensify the competition for influence between China and the US. The US officially criticised China, which implied that the US concerns about the region and is well aware of the position of China in the Mekong region. In response to China's increasing control on the Mekong region, the Trump Administration has deepened its investment in the region. Mark Clark, Acting Deputy Assistant Secretary, Bureau of East Asian and Pacific Affairs of the U.S. Department of State emphasised that "The Mekong Region is strategically important to the United States and we will work more closely to align our efforts with like-minded allies and partners."⁶⁶⁸

The above developments are just some of the various examples of the increasingly complex characteristics of the GMS that foreshadow a 'bumpy-road' for regionalisation in the coming decade. There are three major challenges facing the GMS regarding region-building in the near future:

First, existing regional mechanisms in the GMS have been unable to manage conflicts such as dam building issues and that illustrates difficulties in regional cooperation. China and Myanmar have not taken up calls for full MRC membership and, by their own choice, remain dialogue partners. The environmental situation is worsening with the recent impact of climate change; this promotes water hoarding rather than water sharing and thus undermines the spirit of cooperation. Further, GMS countries have hesitated to discuss this sensitive issue and have limited cooperation to the economic sphere.

Second, the challenges posed by Beijing's rise and its promotion of the BRI are real. China is the most powerful country in the subregion. It has the largest hydropower potential and is able to control the source of water for the Lower

⁶⁶⁸ 10th Anniversary of Lower Mekong Initiative (U.S. Asia Pacific Media Hub, 2019)

Mekong. Further, China has deepened its engagement in the Mekong Subregion through a plethora of activities, including the provision of development funds through bilateral linkages and multilateral forums, such as GMS, LMC and BRI. Overdependence on China could hinder regional cooperation.

Third, the geopolitically important position of the Mekong Subregion and its potential for economic growth makes it an attractive for major power involvement, including China, the US and India. The policies that these powers promote may not necessarily reflect the needs of the governments and people in the region; but the policies of external powers are a prominent factor in the development of the region. The Mekong countries need to be alert to take advantage of development aid and foreign investment while avoiding being dominated by any one power.

On the whole, developing the resources of the Mekong River has led to serious challenges. Although it is unlikely that differences between riparian states will erupt into armed conflict, these differences will generate negative security consequences for developing the Mekong Subregion into a peaceful and prosperous region.

Conclusion

This chapter has evaluated the extent to which regional cooperation and integration among GMS countries has progressed and the challenges ahead for GMS regionalisation. GMS regionalisation is expected to witness a more integrated Mekong Subregion due to the concerted efforts of both riparian states and external donors and investors. The GMS is physically connected in terms of transport, energy and telecommunications, as well as being more integrated and prosperous. Goods, people and vehicles can move across borders with fewer constraints, and interactions at different levels are occurring more frequently.

Through the GMS Program, the GMS countries have become more responsible stakeholders and mutual trust has accordingly built up. Additionally, the interconnectedness between GMS members has been strengthened via several other regional and subregional initiatives that involve all or subsets of the GMS countries. These initiatives provide platforms for increased cooperation on challenges facing the region and subregion. To some extent, the GMS is moving towards a community that can collectively address common concerns and interests. Moreover, the GMS has become a building block for larger regional frameworks, including ASEAN.

Nevertheless, there are factors that hinder the regional process; even worse these natural and man-made impacts are creating rifts among participating states. For example, climate change and dam constructions are altering the status quo along the river and the subregion, thus making regional cooperation more challenging. Water conflicts will be a real threat over the coming decades. Further, domestic issues in individual GMS countries can impact negatively on regional cooperation. Additionally, the involvement of foreign countries in the GMS has both brought opportunities and obstacles to building the subregion. The significance of the GMS in terms of geopolitics is that it has become an attractive place for major powers to scramble for influence. Increased involvement by foreign partners has meant more resources to fuel the transition of GMS countries, while participation in too many multilateral schemes may undermine this objective. Furthermore, GMS countries may have to defer some of their priorities for the subregion in order to respond of offers of funding by external states.

Evaluating the prospects of the GMS would not be complete without mentioning China, which has always been an important factor in GMS regionalisation. China's rise is self-evident and its influence on regional and global affairs is unarguable. The future of the GMS likely depends on how other GMS members

accommodate the rise of China and utilise regional cooperation to influence China to be more cooperative and responsible with resource management. Moreover, social issues caused by Chinese migration due to project implementation in the GMS needs to be regulated, otherwise China can use the GMS as its backyard for development and expansion.

Chapter 9: Conclusion

This thesis has focused on the broad theme of regionalisation in the GMS with particular focus on Vietnam. This thesis employed Warleigh-Lack's framework of analysis with four main variables: genesis, functionality, socialisation and impact. This study examined the process of regionalisation in the scope of the GMS Program and the relationship between regionalism and regionalisation in this context through the application of neoliberal institutionalist and constructivist theories. Further, this thesis examined the connections between the regional scheme and governments at central and provincial levels, and the influence of private sector and grassroots people in the process of regional cooperation.

The GMS Program was launched and operated on the model of a growth triangle - 'a form of regional economic development that tends to involve powerful agencies setting policy agendas, with little or no direct involvement of the communities most directly impacted by the projects'.⁶⁶⁹ GMS regionalisation commenced as a response to new political developments in the region and the world that facilitated the opening of GMS countries' economies and spurred cooperation with each other to integrate into regional and international markets.

From the 1990s, governments discovered common interests to promote cooperation. The common interests of GMS countries derived first from economic benefits, then from the sustainable management of the Mekong River's resources. This changed the perception of the Mekong River as a river of conflict to a river of cooperation. This was a significant milestone in the history of the region. During its implementation, the central government controlled setting the

⁶⁶⁹ Carl Grundy-Warr, "Cross-border Regionalism through a 'South-east Asian' Looking-glass," *Space and Polity* 6, no. 2 (2002).

policy framework within which local governments and non-government actors could act and deepen cross-border cooperation. In Southeast Asia, the Westphalian system prevails in which states remain the dominant actor; although there is increasing participation of subnational and non-state actors in a myriad of cross-border activities.

The empirical process of regional cooperation occurred with a push from the central government and a pull from local governments and other stakeholders, in which regionalisation was facilitated by the flexibility and informal decision-making methods. Regional cooperation was successful because of the perceived benefits for stakeholders in various actors. Laying a foundation for economic development through regional projects has resulted in opportunities for increased private sector participation in regional and national economies.

The ease of physical and non-physical cross-border transportation has increased interactions between people in multiple ways. For example, through the initiative of economic corridors, transaction flows increased that led to greater coordination between governments. Consequently, this resulted in greater trust, especially in areas that were previously closed because of political reasons. Regionalisation occurred at a different pace, depending on bilateral and multilateral relationships between countries. For instance, the pace took place more rapidly and intensely in the border areas between Vietnam and Laos than between Vietnam and Cambodia. In addition, the proactiveness of local governments influenced the process of regionalisation.

The GMS Program and several other regional schemes have fostered growing interdependence of the GMS economies. Moreover, cooperation has encouraged mutual understanding and trust that has resulted in better coordination in water management. Moreover, the involvement of outsiders has proven to be problematic and shows no sign of decreasing. Regionalisation in the GMS will

continue to meet new challenges from growing natural and man-made threats to the Mekong River.

The Mekong River as a common denominator

The October 1991 the Paris Peace Accords on Cambodia opened a new chapter following four decades of conflict in Southeast Asia's Mekong Subregion. The Accords created new opportunities for economic and social development along the Mekong River, although it also resulted in potential competition among Mekong River users who sought to exploit its rich natural resources.

Since the beginning of the 1990s, there was increased involvement by ASEAN's dialogue partners in the development of the region. To date, there are thirteen multilateral cooperative mechanisms in the GMS that were designed to assist the Mekong riparian countries to develop and integrate better into regional as well as international cooperation in a plethora of sectors. Among those, the GMS Program was considered as one of the most successful schemes.

The GMS Program, an ADB-backed mechanism, came into being in the context of new developments in the region and the world. The Program assisted the Mekong countries through the provision of finance and technical assistance to lay the foundation for regional cooperation. The GMS Program, the first ever cooperation in the Mekong region that included all six Mekong countries, was heartily welcomed by its members as it could, to some extent, address their concerns and interests. Moreover, it served as a forum for the GMS countries to collaborate and tackle cross-border issues. Although the GMS governments have been trying to maintain the informality and flexibility of the program, its structure has been more formalised with its institutional restructure since 2002.

There are nine priority sectors designated by the GMS governments in which transportation has been prioritised in the GMS agenda. Remarkably, economic

corridors were expected to connect not only the Mekong riparian states but also within each individual country in order to create a community with high competitiveness. Currently, there are three main economic corridors in the GMS namely: North-South Economic Corridor, East-West Economic Corridor and Southern Economic Corridor. In order to bring sufficient development along these corridors, the GMS Program adopted several initiatives including the GMS-ECT. In brief, the GMS Program was a public goods provider at two levels, national and regional, to shoulder part of the cost in the process of socio-economic development and regional integration in the Mekong subregion.

Vietnam in the GMS

Vietnam adopted its Doi Moi Policy at the sixth National Party Congress in December 1986. The adoption of Doi Moi was to end central economic planning, get Vietnam out of international isolation and economic embargo, and pave the way for international economic integration. The Doi Moi policy was Vietnam's landmark in terms of economic reform and Vietnam's foreign policy in the new era.

The inception of the GMS Program provided Hanoi an opportunity to implement its omnidirectional foreign policy. Memberships in regional cooperation allowed Vietnam to reinforce relationships with traditional partners while broadening relations with former adversaries and new partners. The Vietnamese government's participation in the GMS Program was specifically driven by economic and political objectives: (1) to constrain water conflict and secure equal use of water and water-related resources; (2) consolidate and expand relations with countries in the region; and (3) attract more resources to develop the country.

Vietnam's success has been attributed to assistance from the ADB through the GMS Program. The ADB addressed Vietnam's needs by aligning its

development strategy with projects to maximise their effectiveness. Further, the GMS Program acted as a forum through which upstream and downstream countries have a mechanism to discuss resource management, that benefited Vietnam, a downstream country.

Westphalian system-based regionalisation

The dream of land routes connecting the Mekong Subregion to Asia's largest economies, China and India, and the region's hinterland to its seaports is being realised. The GMS has witnessed the emergence of border economies that have collaborated at multiple layers of national and cross-border units in combination with transnational networks of non-government organisations and the private sector. The development of SEZs and industrial parks have contributed to the improvement of the investment environment.

Regional cooperation has accelerated the reformation of legal systems and bureaucratic procedures in the GMS countries to increase accessibility of the region to investors. The physical foundation and regulatory framework built by governments has facilitated regionalisation in the GMS. The GMS governments have prioritised the establishment of transport corridors in the form of rail and road routes to link ports and SEZs across the region. The economic corridors run: North to South, by linking Bangkok to China's Yunnan and Guangxi provinces via eastern Myanmar, northern Laos and northern Vietnam; East–West, by connecting Mawlamyine in Myanmar to the Vietnamese port of Da Nang, through central Thailand and Laos, with potential links from the Indian Ocean to the rest of the ASEAN region; and South, by linking the ports of Dawei in Myanmar to Quy Nhon and Vung Tau in Vietnam via central Thailand and Cambodia.

For the region's economic corridors to achieve their potential, better intra-governmental cooperation is required. For example, the GMS governments have

put efforts into tax incentives, efficient customs clearance procedures, the streamlining of regulations and reliable infrastructure. The SEZs along these corridors have started reaping the benefits and frontier economies are becoming magnets for FDI.

Regionalisation is occurring in areas where projects were implemented, especially at the border zones. Regionalisation is taking place at different levels and dimensions and is mainly economic in orientation and also involves non-traditional security cooperation, such as the prevention of cross-border disease, campaigns against drug and human trafficking, and protection of the Mekong River's diversity.

An increasing number of issues are becoming transnational and can be only solved through cross-border and multilevel governance networks. However, GMS governments expect that this cooperation will have spill-over effects and enhance political and security interdependence. As Ball contended, 'the Mekong area offers a case study of the proposition that the institutionalisation of cooperation in certain important areas, such as economic development, infrastructure projects and environmental management programs, will contribute (if not lead) to the promotion of security cooperation'.⁶⁷⁰

Regional cooperation has contributed to the strengthening of mutual trust. In the context of the GMS, the interaction and flows of goods and people occurred more frequently in border areas, which helped to enhance mutual understanding, build trust, bring mutual prosperity and reduce friction. Further, regionalisation can broaden the networks of cooperation involving both public and private sectors.

⁶⁷⁰ Ball, "Security developments and prospects for cooperation in the Asia-Pacific region, with particular reference to the Mekong River Basin."

For example, the private sector has participated more in regional and national economies and even became dominant in some sectors, such as tourism.

Local governments have been granted more autonomy to be involved in the process of regional cooperation. The participation of local governments has reduced the costs and political and economic risks of cooperation because local governments understand the local circumstances better than the central government. Moreover, cooperation in culture and education at the local level has strengthened ties between countries.

This research has demonstrated that local governments were significant in the implementation of regional projects that could either accelerate or slow down the process of regionalisation. The proactiveness and enthusiasm of provincial governments drives the frequency of interaction at local levels. Of course, the process occurred at a better pace in areas where there were good relationships between neighbouring countries. Importantly, in the areas that had more frequent cross-border interactions, people at the grassroots level were aware of the existence of regional cooperation and started to communicate, collaborate and prepare for regional integration. Despite the increasing role of subnational units and other actors, the process was closely monitored by the central government because national interests still drove cooperation and states continued to weigh domestic considerations over common regional concerns.

Further, GMS regionalisation was intensified by the launch of various regional cooperative initiatives that have resulted in links between infrastructure, trade and energy. The Mekong Program schemes have provided their members with more opportunities to cooperate in various areas, improve ties and obtain further bargaining power. Multilateral cooperation has also assisted countries to avoid being predominantly influenced by any single country and provided a source of diplomatic diversification for Mekong countries.

Challenges of the GMS

With efforts coming from within and outside the Mekong region, it is anticipated that the GMS will become more integrated. Ease of cross-border travelling has enabled more interactions at different levels. Via the program, the GMS countries have become more responsible players and mutual trust has been enhanced, which builds a solid foundation for establishing a GMS community. Further, the GMS has effectively contributed to regional cooperation within larger frameworks such as ASEAN.

Notwithstanding opportunities, the GMS is now facing many challenges that may divide the GMS. The division of the Mekong subregion comes from three sources: natural impacts, man-made actions and outsiders. The effects of climate change, which altered rainfall patterns and prolonged drought, have intensified competition and put increasing stress on water resources. As such, the Mekong and the land adjacent to it have faced major contemporary political and economic challenges. The greatest challenge comes from mega-sized hydropower construction on the river's mainstems that have privileged upstream countries at the expense of downstream countries. While dams have negative impacts on the flow and natural ecologies of rivers and streams, they also provide energy for the growing industries in the GMS countries.

Conversely, dam construction has separated countries into different groups based on their interests which has hindered regional cooperation. The greatest ecological impacts will be felt in the Tonle Sap or Great Lake (Cambodia) and Mekong Delta (Vietnam), which threaten the lives of millions of people. While the upstream countries reap the main benefits from exploiting the river's hydropower potential, downstream neighbours bear the costs. There will continue to be uneven sharing of the river's benefits, which means that it is likely

that the competition for water resources could negatively affect presently amicable relationships among the countries of the Lower Mekong.

Further, the engagement of external countries has made this region become an attractive place. On the one hand, the involvement of major powers in the development of the region has brought more resources for GMS development and integration. On the other hand, many mechanisms hindered the cooperative process. Additionally, the rise of China poses a challenge to the GMS. It is likely that the future of the GMS depends on how the GMS members accommodate China's rise and use regional cooperation to urge China to be a more responsible stakeholder, particularly in the respect of resource management.

Suggestions for future research

This thesis has focused primarily on the GMS Program and regionalisation in the GMS, with a case study of Vietnam's corridor towns up to 2018. Several aspects of regional cooperation and their implications have been left unexplored or under-investigated. Therefore, further studies should be conducted to better understand regionalisation in the GMS, especially given recent changes in the regional environment as well as each country's domestic conditions.

First, a comprehensive study on regionalisation in all corridor towns of Vietnam would be valuable. For example, there are three additional towns in Vietnam now included in the second GMS-ECTD project that commenced in 2016. These towns are in the north of Vietnam and one town, Mong Cai, borders China. Such a study may help to better understand the effects of bilateral relationships on regional cooperation. Additionally, future research could examine the participation of local governments in the implementation of foreign policy, especially in the areas bordering China.

Second, it is in Vietnam's national interest to maintain the sustainability of the Mekong River and minimise negative impacts on the Mekong Delta that produces fifty per cent of the country's rice. Vietnam is the last downstream country that has suffered the most from dam construction by upstream countries. Conversely, Vietnam and Thailand are the main importers of Lao electricity. This creates a complex situation for Vietnam because it needs electric power from Laos while it needs to minimise the negative impact of massive dam construction projects on the mainstream. Additionally, Vietnam also supported hydropower development in neighbouring countries by providing national funds for investment in hydro projects. It would be a worthwhile topic to investigate how Vietnam has reshaped its interests in the process of regional cooperation and how it has balanced its interests and common regional interests.

Finally, although the GMS Program has been the most prominent cooperative scheme in the Mekong Subregion for more than two decades, the status quo may alter in the future. The GMS Program is no longer a unique mechanism that includes all six Mekong riparian states. For example, the LMC is a challenge to current mechanisms on the Mekong River, in addition to acting as a miniature version of BRI. The LMC covers a wide range of sectors based on three pillars—political and security, economic and sustainable development, and socio-cultural and people-to-people issues. Water resource management is one of the focuses of the LMC, so it would be advantageous if it could solve problems that other Mekong forums and organisations have been unable to address. Against this backdrop, whether China will use this mechanism to play by its own rules and whether the Mekong Subregion will be more integrated or fragmented are worth examination.

The Mekong Subregion has undergone significant changes as a result of recent developments. Regional relationships have become more complicated due to the expansion and deepening of cross-border interactions. Various political and

economic factors, both within each country and across the region, have contributed to the dynamics of regional relations. Further, the rising geopolitical importance of the Mekong Subregion makes it more attractive to regional powers that promote regionalism and regionalisation. Further studies from different disciplinary perspectives and analytic frameworks are necessary to provide a better understanding of this subregion and its international implications./.

The end

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Appendices

Appendix A: List of interviewees

Name	Position	Date of interview	Place of interview
Nguyen Duc Hoang	Project Coordinator - GMS Economic Corridor Town Development Project Project Management Unit – Quang Tri Province	12 December 2017	Office of Project management unit, Quang Tri Province
Nguyen Huy	Deputy Director - Department of Planning and Investment – Quang Tri Province	12 December 2017	Department of Planning and Investment, Quang Tri Province
Nguyen Duc Tan	Director - External relations and International Cooperation Section People’s Committee of Quang Tri Province	13 December 2017	People’s Committee of Quang Tri Province, Quang Tri Province
Nguyen Hong Son	Project Coordinator - GMS Economic Corridor Town Development Project Project Management Unit – Tay Ninh Province	10 January 2018	Office of Project management unit, Tay Ninh Province
Nguyen Nhan (Mr.)	Deputy Director Department of Planning and Investment – Tay Ninh Province	10 January 2018	Department of Planning and Investment, Tay Ninh Province

Appendix B: Screenshot of Quang Tri's DPI homepage

The screenshot displays the official website of the Quang Tri Provincial Planning and Investment Office. The main navigation menu is located at the top, with 'DỰ ÁN GMS' (GMS Projects) highlighted by a red circle. The page content is organized into several columns and sections:

- Header:** Features the office logo and the name 'SỞ KẾ HOẠCH VÀ ĐẦU TƯ TỈNH QUẢNG TRỊ'. A language selection dropdown is visible in the top right corner.
- Navigation:** A horizontal menu with items: Trang nhất, GIỚI THIỆU, DỊCH VỤ CÔNG, THƯ VIỆN, **DỰ ÁN GMS**, and LIÊN HỆ. A search bar is positioned to the right of the menu.
- Main Content Area:**
 - Tin tức - Sự kiện:** A sidebar on the left with sub-sections like 'Tin tức hoạt động', 'Đầu tư công', and 'Phát triển KT - XH'.
 - Dịch vụ công:** A sidebar with a list of services such as 'Thành lập và hoạt động của doanh nghiệp'.
 - VBQPPL:** A sidebar with categories like 'Biểu mẫu', 'Luật', and 'Nghị định'.
 - Giới thiệu:** A central section titled 'MÔ TẢ DỰ ÁN' (Project Description) with a sub-section 'KẾT NỐI GIAO THÔNG ĐƯỢC CẢI THIỆN GIỮA CÁC QUỐC GIA THUỘC TIỂU VÙNG SÔNG MÊKÔNG MỞ RỘNG (GMS)'. It includes a small image and a 'Xem tiếp...' link.
 - Tin tức từ Dự án:** A section with sub-headers like 'ĐÁNH GIÁ GIỮA KỲ DỰ ÁN GMS' and 'LÀM VIỆC VỚI ĐOÀN ĐÁNH GIÁ GIỮA KỲ DỰ ÁN PHÁT TRIỂN ĐÔ THỊ DẠC HÀNH LANG TIỂU VÙNG SÔNG MÊKÔNG'.
 - Vấn bản & báo cáo:** A section with sub-headers like 'Báo cáo tư vấn PMSCD' and 'Báo cáo các quý 1,2,3,4 2016 Báo cáo các quý 1,2,3,4 2017 Báo cáo quý 1,2 /2018'.
 - Chuyên mục:** A section with sub-headers like 'ĐIỂM CUỐI TRONG CÔNG TÁC GIẢI PHÓNG MẶT BẰNG CỦA DỰ ÁN GMS' and 'GIẢI PHÓNG MẶT BẰNG - NHỮNG KHÓ KHĂN VƯỢNG MẮC'.
- Right Sidebar:** Contains 'Tin tiêu biểu' (Featured News) with two news items and 'Thống kê truy cập' (Website Statistics) showing 4 online users, 3 visitors, and 1 search.

Appendix C: Bananas were collected near Lao Bao International Border Gate to transport to Thailand via EWEC



Appendix D: Billboard near Lao Bao International Border Gate



Appendix E: Caricature of Chinese President Xi Jinping and Mekong national leaders in regional cooperation by Rebel Pepper



Appendix F: Questionnaire

Research Survey on GMS Economic Corridor Towns Development Project

Please respond to each question by either selecting your choice or, where requested, writing your thoughts in response to the question.

What town do you reside in? _____

Did you have to relocate due to the implementation of the GMS project in your area? Yes
No

1. Please select the category (by circling) that best describes your knowledge of the **Greater Mekong Subregion Economic Cooperation Program**?

- (a) I know it very well
- (b) I know it reasonably well
- (c) I know of it but don't really know what it does
- (d) I have never heard of it before this survey
- (e) Other: _____

2. Please select the category (by circling) that best describes your knowledge of the **economic corridors**, e.g. *East-West Economic Corridor*, *Southern Economic Corridor*.

- (a) I know it very well
- (b) I know it reasonably well
- (c) I know of it but don't really know what it does
- (d) I have never heard of it before this survey
- (e) Other: _____

3. Please select the category (by circling) that best describes your knowledge of the **GMS Economic Corridor Towns Development Project**.

- (a) I know it very well
- (b) I know it reasonably well
- (c) I know of it but don't really know what it does
- (d) I have never heard of it before this survey
- (e) Other: _____

4. *The Greater Mekong Subregion Cooperation (GMS)* is a cooperation program between Mekong riparian countries. Which of the following countries form a part of the Greater Mekong Region program? Please tick the appropriate boxes.

- | | | |
|--------------------------------|-----------------------------------|--------------------------------|
| <input type="checkbox"/> China | <input type="checkbox"/> Thailand | <input type="checkbox"/> India |
| <input type="checkbox"/> Japan | <input type="checkbox"/> Cambodia | <input type="checkbox"/> Laos |

- Malaysia
- Singapore
- Myanmar
- the Philippines
- Vietnam
- Indonesia

Others: _____

5. Which of the following countries do you find most familiar with? Please tick the appropriate boxes.

- China
- Japan
- Malaysia
- The Philippines
- Thailand
- Cambodia
- Myanmar
- Indonesia
- Brunei
- Laos
- Singapore
- South Korea

Others: _____

6. Do you know that your town (Moc Bai/Dong Ha/Lao Bao) is selected in the 1st GMS Economic Corridor Towns Development Project and the goal is turning Moc Bai/ Dong Ha/Lao Bao into economic hub along the GMS economic corridors?

- Yes
- No (move to question 7)
- Unsure (move to question 7)

If yes, how did you know this information?

- Through media, i.e. television, radio, newspaper
- Through internet
- Through banners, posters
- Through meetings with local governments
- Your household was relocated due to the implementation of some sub-projects in the GMS project

Others: _____

7. Have you witnessed any progress with socio-economic development in your town since 2013 to date?

- None
- Little
- Some
- Substantial

8. Have you witnessed any progress with infrastructure (e.g. roads, environment, water supply...) in your area in the last 10 years?

- None
- Little
- Some
- Substantial

If yes, in which aspect? _____

9. How has the GMS program, particularly sub-projects in the GMS Economic Corridor Towns Development Project, affected your daily life as well as your family? *(Some of sub-projects that are being implemented include: urban road upgrade, cross-border transport agreement (CBTA) implemented at Moc Bao, and Lao Border Gate, river port rehabilitation, material recovery facility, waste management system, urban water supply, etc.)*

- Much better
- Somewhat better
- No change
- Somewhat worse
- Much worse

In what aspect or aspects have you and your family been affected most? *(For example: easier transportation, access to clean water, cleaner atmosphere, more customers for your own business, variety of goods, etc.)*

10. Do you believe that your town will become a dynamic economic growth center in the East-West Economic Corridor or Southern Economic Corridor as targeted by the GMS Economic Corridor Towns Project?

- Strongly agree
- Agree
- Undecided
- Disagree
- Strongly disagree

11. How often do you travel to Laos/ Cambodia?

- Never
- Almost every year
- Almost every month
- More than once a month

Others: _____

12. Do you personally have any direct interaction with i.e. neighboring country's people (i.e. Laotian, Thai or Cambodian)?

- Very frequently
- Frequently
- Occasionally
- Rarely
- Very rarely
- Never

If yes, please indicate forms of interaction (for example: trading goods, exchange activities, etc.)

13. Do you know any activities to promote cooperation and friendship between your area and neighboring countries (i.e. Laos or Cambodia)?

- Yes No Unsure

If your answer is yes, please move to question 14. If no, please jump to question 15

14. Have you ever attended any such activities held by the local government?

- Yes No

If yes, please specify what kind of activities you participated:

15. Have you ever been consulted or attended any consultation meetings with the local government prior the implementation of sub-projects?

- Often
- Sometimes
- Seldom
- Never

If yes, how many times have you been consulted?

- 1 – 2 times

- 3- 5 times
- 6-10 times
- Over 10 times

Nearly there! Just some final details....

What is your age? I am years old

What is your gender? Male Female Unidentified

What is your work/profession? _____

What is your ethnicity? _____

What is the highest degree or level of school you have completed?

- Primary school
- Some high school, no diploma
- High-school Diploma
- Vocational training
- College/University Degree
- Master's degree and above

Others: _____

Are you married? Yes No

This is the end of the survey. Thank you for your help!

(GMS