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# Enhancing the Cooperation Between the US and its Allies in the Mekong Subregion

AUTHOR:  
SACH NGUYEN





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# Enhancing the Cooperation Between the US and its Allies in the Mekong Subregion

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By  
Sach Nguyen

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# Executive Summary

*Sach Nguyen*

The Mekong subregion is experiencing heightened geopolitical competition between the US and China, representing a clash between the international rules-based order and a China-led order. While the US and its allies advocate for the rules-based order, China's intentions for its own order in the region are debated. China's increased presence and influence in the Mekong subregion, particularly through upstream control of the Mekong water, reflect its pursuit of this order. In response, the US and its allies, such as Japan, South Korea, and Australia, have strengthened cooperation with one another to promote a rules-based system. Despite existing coordination, there is potential for further collaboration to enhance their role in mainland Southeast Asia.

Stability and prosperity in the Mekong subregion are being challenged. Weakening international norms in governing transboundary waters threaten downstream countries' security and livelihoods, exacerbated by climate change-induced droughts. China's growing engagement in the region aims to establish its sphere of influence, primarily through economic development projects like dams and railways, raising concerns over environmental impacts and expanding Chinese influence. Additionally, non-traditional security threats such as the COVID-19 pandemic, cyber security, and human trafficking further complicate the region's situation.

The engagement of the US and its allies in the Mekong subregion is multifaceted, driven by various interests but united in countering China's growing influence. The US, through initiatives like the Lower Mekong Initiative (LMI) and later the Mekong-US Partnership, seeks to maintain its relevance and preeminence in the region. Japan, South Korea, and Australia also engage with the subregion, for economic interests and to counterbalance China. Japan, for instance, aims to establish production bases and balance China's influence

through high-standard infrastructure projects. South Korea focuses on economic development and diversification of trade amid US-China tensions, while Australia prioritizes promoting a rules-based order and addressing non-traditional security threats. Despite differences in approach, the US and its allies collaborate through platforms like the Friends of the Mekong and initiatives such as the Trilateral Partnership for Infrastructure Investment in the Indo-Pacific, aimed at countering China's Belt and Road Initiative. However, challenges remain in realizing these initiatives, particularly in engaging the private sector and ensuring concrete outcomes amidst competing interests and complex negotiations.

Recommendations for enhancing cooperation between the US and its allies in the Mekong subregion include strengthening international norms and rules, expanding economic infrastructure projects, focusing on non-traditional security issues, and fostering track 1.5 and track 2 diplomacy to promote mutual understanding and collaboration among all stakeholders, including governments, academia, businesses, and civil society organizations. These efforts, facilitated by the US and its allies, can contribute to a more stable and prosperous Mekong subregion.

## Introduction

The Mekong subregion<sup>1</sup> is currently feeling the effects of heightening geopolitical competition between the US and China. This competition can be seen as a contest between the international rules-based order versus a China-led order. On one side the US, its allies, and other partners worldwide (including countries in the Mekong subregion) support the rules-based order.

On the other, there have been at least two schools of thoughts on a China-led order. The first (China's own stated view) states that China wants an era of common prosperity reaching countries that have thus far not benefited under the US-led order. The second school of thought is that China wants to reclaim hegemony for itself in the region or, in other words, undertake a leadership role that would serve its interests. This remains up for debate, China's wish to build its own order or its own sphere of influence is reflected in what it calls a "community of a shared future," a new type of international relations or new growth models as included in many China's policy documents or joint statements with other countries.

China's wish to establish its own order is demonstrated in the Mekong subregion, where it has substantially increased its presence and influence through various means: politically, economically, and militarily. China, as the most upstream Mekong country, has the power to control the Mekong water, giving it an extra means of exercising its influence over the downstream Mekong countries in mainland Southeast Asia. Beijing can achieve this power via the operation of Mekong upstream hydropower dams in its territory. China has built 11 Mekong mainstream dams storing water for electricity generation as well as regulating water flow based on its will.<sup>2</sup>

As part of efforts to promote a rules-based order in the Mekong subregion, the US has cooperated with

allies, particularly Japan, South Korea, and Australia. These countries have long engaged in the Mekong subregion but at different levels. They have enhanced their engagement both bilaterally and multilaterally. The US and its allies have their own cooperation platforms with the lower Mekong countries, namely the Mekong-US Partnership,<sup>3</sup> the Mekong-Japan Cooperation,<sup>4</sup> Mekong-Republic of Korea Partnership,<sup>5</sup> and Mekong-Australia Partnership.<sup>6</sup> One common point in the US and its allies' policies toward the Mekong subregion, as well as the Indo-Pacific region is to promote an open, prosperous, and inclusive region based on international rules and norms.

However, US allies also are driven by their own interests in their engagement with the US. Therefore, they have engaged in different priority sectors with the lower countries, including their approaches toward China in the Mekong subregion. For example, in economic terms, Japan's engagement is to promote its production bases in Southeast Asia, especially in Thailand. Similarly, South Korea positions its engagement with the Mekong as part of its New Southern Policy to expand its production, especially in Vietnam. Meanwhile, Australia is focusing on transnational security issues. This paper wishes to look at the role of the US and its allies, particularly Japan, South Korea, and Australia, and their cooperation in the Mekong subregion. Though the coordination between them has sufficiently supplemented one another and avoided duplication of effort, there is room for further collaboration. This paper will suggest some means of further enhancing cooperation between the US and its allies in mainland Southeast Asia.

## Major Developments in the Mekong Subregion

The Mekong subregion has experienced major developments largely affecting the stability and

<sup>1</sup> The Mekong River basin comprises of China, Myanmar, Thailand, Laos, Cambodia and Vietnam. They share the Mekong River. China is seen as the upstream country while Myanmar, Thailand, Laos, Cambodia and Vietnam are seen as the downstream or lower Mekong countries. Within this paper, the Mekong subregion refers to the five lower Mekong countries of Myanmar, Thailand, Laos, Cambodia and Vietnam.

<sup>2</sup> "Hydropower," *Mekong River Commission*, accessed June 21, 2023, <https://www.mrcmekong.org/our-work/topics/hydropower/>.

<sup>3</sup> "About : Mekong - U.S. Partnership," *Mekong - U.S. Partnership*, accessed August 10, 2023, <https://mekonguspartnership.org/about/>.

<sup>4</sup> "Japan-Mekong Foreign Ministers' Meeting: Chair's Statement," *Ministry of Foreign Affairs of Japan*, January 2008, <https://www.mofa.go.jp/region/asia-paci/mekong/meet0801.html>.

<sup>5</sup> "Mekong-Han River Declaration for Establishing Partnership for People, Prosperity and Peace" (Ministry of Foreign Affairs of Republic of Korea), accessed August 10, 2023,

[https://www.mofa.go.kr/eng/brd/m\\_5467/view.do?seq=366720&srchFr=&srchTo=&srchWord=&srchTp=&multi\\_itm\\_seq=0&itm\\_seq\\_1=0&itm\\_seq\\_2=0&company\\_cd=&company\\_nm=&page=1&titleNm=](https://www.mofa.go.kr/eng/brd/m_5467/view.do?seq=366720&srchFr=&srchTo=&srchWord=&srchTp=&multi_itm_seq=0&itm_seq_1=0&itm_seq_2=0&company_cd=&company_nm=&page=1&titleNm=)

<sup>6</sup> "Mekong-Australia Partnership," *Australian Government Department of Foreign Affairs and Trade*, accessed August 10, 2023, <https://www.dfat.gov.au/geo/southeast-asia/investing-our-southeast-asian-partnerships/mekong-australia-partnership>.

prosperity of the Mekong subregion. It is noteworthy that some developments threaten the rules-based order and the role of the US and its allies in the Mekong subregion.

First, the role of international rules and norms is weakening in the subregion, especially the governance of Mekong transboundary waters which is critically important to the security of the lower Mekong countries. Water security has long been a major problem for lower Mekong countries. Mekong water resources are critical to the livelihood of millions of local people along the river basin. However, the hydropower projects negatively affect rice production, fisheries, and the environment. Climate change further worsens the impact. Severe droughts have become more frequent in recent years. The recent report by the Eyes on Earth in 2020 shows that the frequency of severe drought in the lower Mekong has increased in the past two decades.<sup>7</sup> The Mekong River Commission also confirmed the rising frequency of droughts in the lower Mekong basin.<sup>8</sup> The impact on Vietnam is more severe because sea level rise is causing worse saline intrusion in the country's southern delta, which plays a prominent role in the country's food security. The UN estimates that floods and droughts will cause economic losses of 2% to Laos' GDP and 1.5% to Cambodia's.<sup>9</sup>

The exploitation of Mekong water resources, particularly the construction and operation of Chinese dams in the upper part of the Mekong River have negatively impacted downstream countries. However, international norms and rules are not being adequately perceived and applied by related actors to coordinate the exploitation of the Mekong water resources. This has been a long-standing matter for riparian countries, especially since the Mekong River Commission, the major Mekong water governing institution in the subregion, faced a number of limitations even before the rising engagement of China in this subregion.

At the global level, the 1997 United Nations Convention on the Law of Non-Navigational Uses of International Watercourses is a comprehensive treaty to govern transboundary waterways. However, this

1997 UN Convention has not been well-adopted by Mekong River basin actors. At the UN General Assembly vote for the approval of the convention, China was one of three countries to vote against this convention. Other Mekong riparian countries, with the exception of Vietnam, have not ratified the convention so the norms and rules included in this legal body are not widely applied in governing Mekong transboundary waters. Vietnam is the only Mekong riparian country to ratify the convention. The convention took effect in 2014, when Vietnam became the 35<sup>th</sup> to ratify it.<sup>10</sup>

At the subregional level, the Mekong River Commission (MRC) is the only convention-based and binding framework to govern the exploitation of Mekong water resources. The Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin (the Mekong Agreement) was reached in 1995 to coordinate the work of MRC members on mainstream projects. However, the MRC faced several limitations even before China took a greater role in the subregion. First, not all Mekong countries participate in the MRC. The MRC consists of the four most-downstream riparian countries: Thailand, Laos, Cambodia, and Vietnam. The other two upstream countries—China and Myanmar—only participate as observers. China, the most upstream country, playing a vital role in governing Mekong waters, consistently refuses to join. Second, MRC regulations are mostly technically advisory. The MRC's main regulations are procedures for conducting prior notification and consultation for proposed mainstream projects and preliminary guidelines for the design of mainstream dams. The MRC does not have the power to veto or approve construction of water exploitation projects. Such decisions on water projects along the Mekong River lie with individual riparian countries. Third, the MRC does not cover Mekong tributaries where water exploitation projects greatly impact the mainstream flow and livelihood of the downstream basin. Fourth, the MRC lacks resources. Previously, Western countries largely sponsored the MRC. However, sponsorship was cut after the MRC could not prevent Laos from constructing the Xayaburi dam on the Mekong mainstream, the first

<sup>7</sup> "New Evidence: How China Turned Off the Tap on the Mekong River," *Stimson Center*, accessed March 23, 2023, <https://www.stimson.org/2020/new-evidence-how-china-turned-off-the-mekong-tap/>.

<sup>8</sup> "Flood and Drought," *Mekong River Commission*, accessed March 23, 2023, <https://www.mrcmekong.org/our-work/topics/flood-and-drought/>.

<sup>9</sup> Sreeparna Banerjee and Pratinashree Basu, "Strengthening Partnerships to Counter Non-Traditional Security Threats In," n.d., 6.

<sup>10</sup> "UN Watercourses Convention to Enter into Force Following 35th Ratification," *SDG Knowledge Hub*, accessed June 21, 2023, <http://sdg.iisd.org/news/un-watercourses-convention-to-enter-into-force-following-35th-ratification/>.



mainstream dam in the lower basin.<sup>11</sup> Fifth, the MRC's role is at risk in the context of strategic rivalry, especially since the creation of the China-led Mekong-Lancang Cooperation (MLC). Instead of joining the MRC, China establishes the Mekong-Lancang Water Resources Cooperation Center, promising to cooperate with other riparian countries on water issues. This risks the possibility of the MLC sidelining the MRC in the water realm.

All such developments reflect that international rules and norms on the Mekong transboundary water governance are not well-perceived and adopted by related actors. This leaves Mekong water issues unaddressed according to common rules and norms. Instead, China, as the most upstream and most powerful country in the Mekong River basin, will have the biggest role, and ability to control the Mekong water. China can use this ability to further expand its influence in this mainland part of Southeast Asia.

Second, China enhances its comprehensive engagement in the Mekong subregion to establish its sphere of influence or, in other words, its own order. China's engagement with other Mekong countries serves both economic development and political influence. In the economic realm, increased engagement with the Mekong subregion serves the China's Great Western Development Plan strategy which is designed to promote development of its southwestern parts, narrowing the development gap between coastal provinces and the southwest, including Yunnan and Guangxi. In this effort, China promotes outbound investment to seek natural resources, including energy to meet the demands of its booming economy. This explains why China not only builds dams on the Mekong upstream in its territory but also invests in hydropower projects in Laos where hydropower is exported back to China. *The Diplomat* reported that 81% of Chinese dams in the Mekong River Basin are in Laos.<sup>12</sup>

One important part of China's engagement with the lower Mekong basin is helping connect China's

landlocked southwestern part to other areas of the world via the lower Mekong countries. China has consistently proposed rail links between its southwestern provinces, such as Chongqing and Yunnan, with Singapore via Laos, Thailand, Malaysia, and Cambodia. China has promoted this proposal many times at subregional and regional multilateral platforms such as the ASEAN Mekong Basin Development Cooperation (AMBDC), the Greater Mekong Subregion Economic Cooperation Program (GMS) and the Mekong-Lancang Cooperation (MLC).<sup>13</sup>

Also, China promotes navigation via the Mekong waters. China has many times convinced Myanmar, Thailand, and Laos to proceed with a rapids blasting project to smooth water navigation. However, this program causes concern for the lower Mekong countries, not only in terms of environmental impact but also in China's expanding influence via this transport route, including possible Chinese military patrols along the Mekong River. These worries make lower Mekong countries, especially Thailand, hesitant in proceeding. The Agreement on Commercial Navigation on the Mekong-Lancang River between China, Myanmar, Thailand, and Laos signed in 2000 was reportedly suspended due to Thailand's withdrawal and the concerns of Cambodia and Vietnam.<sup>14</sup> Thailand rejoined the rapid blasting in 2016 but again withdrew in February 2020.<sup>15</sup>

Since the creation of the Mekong-Lancang Cooperation in 2015, China has stepped up its engagement to expand greater comprehensive influence in the Mekong subregion. Under the MLC, China actively enhances cooperation in the three pillars of cooperation: politics and security, economic development, and people-to-people exchanges. China and other MLC members have agreed to promote five initial priority sectors, namely connectivity, production capacity, cross-border economic cooperation, water resources, agriculture, and poverty reduction. To implement this agreement, China committed to providing \$1.54 billion in loans

<sup>11</sup> Stephen Wright, "Mekong Effort Fails after Years of Lavish Foreign Funding," accessed August 4, 2021, <https://phys.org/news/2016-10-mekong-effort-years-lavish-foreign.html>.

<sup>12</sup> Phillip Guerreiro, "What Chinese Dams in Laos Tell Us About the Belt and Road Initiative," *The Diplomat*, accessed June 21, 2023, <https://thediplomat.com/2021/12/what-chinese-dams-in-laos-tell-us-about-the-belt-and-road-initiative/>.

<sup>13</sup> Mekong-Lancang Cooperation and Lancang-Mekong Cooperation can be used interchangeably.

<sup>14</sup> Sebastian Biba, "China's 'Old' and 'New' Mekong River Politics: The Lancang-Mekong Cooperation from a Comparative Benefit-Sharing Perspective," *Water International* 43, no. 5 (July 4, 2018): 628, doi:10.1080/02508060.2018.1474610.

<sup>15</sup> "Victory on the Upper Mekong Declared as Thai Cabinet Terminates Rapids Blasting Project | Bangkok Tribune," accessed May 25, 2022, <https://bkktribune.com/victory-on-the-upper-mekong-declared-as-thai-cabinet-terminates-rapids-blasting-project/>.

and \$10 billion in credit lines for infrastructure projects. These commitments surpass the amounts committed by many other partners such as the US, Australia, and the Republic of Korea in their engagement in the Mekong subregion.

China's enhanced multilateral engagement with the Mekong subregion helps expand its already strong influence via bilateral channels. China is the biggest trading partner of most lower Mekong countries and the biggest investor and ODA provider for some. For example, China is the biggest ODA provider and investor in Cambodia, where Chinese investment accounts for 42% of total FDI.<sup>16</sup> One of the most recent ODA projects funded by China is the completion of a high-speed railway between China's Yunnan province and Vientiane, Laos' capital. The total cost for this project is \$5.95 billion, equal to one-third of Laos' GDP.<sup>17</sup> Following this project in Laos, Cambodia asked China to help build its first high-speed railway. In a visit to China in February 2023, Prime Minister Hun Sen requested that China help the country build the first high-speed railway, and China initially agreed to "support for initial-stage work concerning Cambodia's railway project, including planning, designing, and the feasibility study."<sup>18</sup> This proposed railway is expected to connect with the China-Laos-Thai railway.<sup>19</sup> However, China's rising economic engagement also creates risks for the subregion, such as greater dependence on China, bad debt, and other socio-environmental impacts.

Despite these risks, these recent developments (as mentioned above) reflect China's more dominant role in the Mekong subregion. This role is welcome by some lower Mekong countries, at least in economic development. Even Thailand, the most advanced economy in the lower Mekong basin, sees China as an opportunity. It is reported that in a recent track 1.5 dialogue between Thailand and Australia, representatives from Thailand mentioned that "there is a strong consensus among Thai political, bureaucratic, and military elites on the importance of maintaining positive relations."<sup>20</sup> Thai participants at

that track 1.5 dialogue, including from the public and private sectors, media, and academics, affirmed that Thailand does not perceive China as a threat.<sup>21</sup>

China's expanding influence risks changing the status quo in the Mekong subregion, and Southeast Asia and Indo-Pacific in general. This change is not only about China's larger role, but also China establishing its own order. China consistently promotes what it calls a "community of shared future." In almost every MLC meeting and document, China officials always push for the inclusion of this term. In practice, via the MLC's multilateral platform, China heavily invests its efforts into realize its wish. The establishment of the Asia Infrastructure Development Bank can be seen as create an an alternative or competing institution to the Asian Development Bank. China's ambition to substitute the ADB in the Mekong subregion is clear when the China-led MLC encourages the use of AIIB fund to "address the financing gap in infrastructure development."<sup>22</sup> In terms of the Mekong water issue, establishment of the Mekong-Lancang Water Resources Cooperation Center under the MLC is an effort by China to show its willingness to cooperate with other lower Mekong countries. However, this establishment also risks sidelining the role of the Mekong River Commission, consisting of the four downstream Mekong countries and long supported by the US and its partners.

Third, the rise of non-traditional security issues negatively affects the livelihood of millions of local people and the environment. In this realm, the US is more engaged via its Mekong-US Partnership in comparison to China. The negative consequences in this subregion also impact the wider region of Southeast Asia and the Indo-Pacific, which the US and its allies are part of and have a close connection with. Water security, climate change, pandemics, cyber security, and transnational crimes are among many non-traditional security threats the Mekong subregion faces.

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<sup>16</sup> "China Key Contributor to Cambodia's Development: Cambodian Senior Official," *Xinhuanet*, accessed March 2, 2023, <https://english.news.cn/20230125/8b1f99f012064a4085ecf9720982dd7c/c.htm> l.

<sup>17</sup> Toru Takahashi, "Ambition, Concern Drive Lao-China High-Speed Rail Project," *Nikkei Asia*, accessed March 2, 2023, <https://asia.nikkei.com/Spotlight/Belt-and-Road/Ambition-concern-drive-Lao-China-high-speed-rail-project>.

<sup>18</sup> Chu Daye, "Cambodia Seeks Investors for First High-Speed Railway, Budgeted at \$4b," *Global Times*, accessed March 2, 2023, <https://www.globaltimes.cn/page/202302/1285963.shtml>.

<sup>19</sup> *Ibid.*

<sup>20</sup> "Dialogue to Strengthen the Relationship between Thailand and Australia" (The Asia Foundation, February 2023), 4.

<sup>21</sup> *Ibid.*, 3.

<sup>22</sup> "Sanya Declaration" (Mekong-Lancang Cooperation, 2016).

The global COVID-19 pandemic has had severe consequences for the lower Mekong countries, in terms of both human death and economic losses. The worry is now about the ability of subregional countries in dealing with future pandemics. Given limited resources and capacity, a similar pandemic would result in huge losses for the Mekong riparian countries.

Other non-traditional security issues, including cyber security, and drug and human trafficking could impact not only Mekong countries, but also other regions. The Golden Triangle, the border area between Myanmar, Thailand, and Laos, is seen as a hotspot for illegal drug cartels. This area is the second-largest producer of opium.<sup>23</sup> The Mekong subregion, as part of Southeast Asia, also experiences human trafficking and illegal immigration. This is one of the major concerns for Australia, as the country's wealthy economy is a perfect destination for low-skilled laborers.<sup>24</sup> Australia supports efforts to police human trafficking and illegal immigration.<sup>25</sup> For example, Australia planned a fund of A\$30 million (which is around \$19.5 million) to help Southeast Asia to "counter transnational crime and strengthen border security" and support efforts to "tackle serious threats such as drug trafficking, child sexual exploitation and financial crimes."<sup>26</sup>

Cyber threats include a variety of problems that could cause harm to national security. They include "theft of identity, personal data or secret theft (of identity, personal data, or secrets); infringement of intellectual property rights; denial of service; leakage of private information; and disruption of critical infrastructure."<sup>27</sup> All Mekong countries face these rising cyber threats. Thailand and Vietnam, as the two most advanced economies, face relatively high cybersecurity risk while those in Laos and Myanmar face reportedly moderate risks.<sup>28</sup> In Cambodia, the risk is high but the country has "a low level of commitment to improve cybersecurity."<sup>29</sup>

Regarding the human trafficking issue, a report from World Vision Australia shows that the Mekong subregion faces "diverse forms of human trafficking both in their own and other countries, including forced or bonded labor, child labor, sexual exploitation, domestic servitude, or forced marriage."<sup>30</sup> Human trafficking may be seen as the consequences of armed conflicts and natural disasters.<sup>31</sup> For example, conflicts in Myanmar have resulted in trafficking or smuggling of persons into various parts of Bangladesh, Thailand, and China while people severely affected by drought in Cambodia have been trafficked to Thailand.<sup>32</sup>

## The Engagement of the US and its Allies in the Mekong Subregion

### The Interest of the US and its Allies in the Mekong Subregion

The US and its allies have long been engaging with the Mekong subregion at different levels and forms. Recent developments reflect their engagement not only to serve their national interest of expanding their own influence, particularly in economics and politics, but in cooperation to counter China's rising role in the Mekong lower basin, and the Indo-Pacific in general.

For the US, the major driver for its enhanced engagement in the Mekong subregion is countering the rise of China. Besides bilateral channels, it began multilateral engagement in 2009 with the establishment of the Lower Mekong Initiative. The goal of the LMI could be seen as maintaining the "relevance and preeminence" of the US in the region.<sup>33</sup> The LMI later transformed into the Mekong-US Partnership in 2020. Both LMI and are seen as part of the Obama's Pivot to Asia Strategy and the Indo-Pacific Strategy respectively, to counter China's

<sup>23</sup> Banerjee and Basu, "Strengthening Partnerships to Counter Non-Traditional Security Threats In," 6.

<sup>24</sup> "Migration and People Trafficking in Southeast Asia," *Australian Institute of Criminology*, accessed March 23, 2023, <https://www.aic.gov.au/publications/tandi/tandi401>.

<sup>25</sup> Ibid.

<sup>26</sup> "Upcoming Opportunity: Mekong-Australia Program on Transnational Crime," *Australian Government Department of Foreign Affairs and Trade*, accessed June 22, 2023, <https://www.dfat.gov.au/about-us/business-opportunities/Pages/upcoming-opportunity-mekong-australia-program-transnational-crime>.

<sup>27</sup> Lurong Chen, "Subregional Development Strategy in ASEAN after COVID-19-Inclusiveness-and-Sustainability-in-the-Mekong-Subregion," in

*Subregional Development Strategy in ASEAN after COVID-19: Inclusiveness and Sustainability in the Mekong Subregion (Mekong 2030)* (ERIA, 2020), 48.

<sup>28</sup> Ibid., 49.

<sup>29</sup> Ibid.

<sup>30</sup> "Human Trafficking in the Mekong Subregion" (World Vision Australia, 2014), 3.

<sup>31</sup> "Human Trafficking in Southeast Asia," *IMF Finance & Development Magazine*, September 2018, <https://www.imf.org/en/Publications/fandd/issues/2018/09/human-trafficking-in-southeast-asia-caballero>.

<sup>32</sup> Ibid.

<sup>33</sup> John Lichtefeld, "Evolution of U.S.-Vietnam Cooperation on the Mekong," in *Rethinking 25 Years of U.S.-Vietnam Relations*, vol. 21, Issues and Insights (Pacific Forum, 2019), 17.

expanding role. In its engagement in the Mekong subregion, the US also cooperates with its allies multilaterally through the Friends of the Lower Mekong (FLM), or later the Friends of the Mekong.

The engagement of US allies is most obvious in the cases of Japan, South Korea, and Australia. These countries have their own multilateral cooperation platforms with the lower Mekong countries serving their own interest in the Mekong subregion.

Japan was one the earliest partners for lower Mekong countries, particularly in economic sectors. Japan is the first developed country to promote subregional economic cooperation through the Greater Mekong Subregion Economic Cooperation Program (GMS) with all Mekong countries, including China. Japan's engagement with the Mekong subregion can be seen as serving its two main goals. First, in the late 1980s and early 1990s, Japan wanted to set up its production bases in the Mekong subregion by providing ODA and investment to Mekong countries. By moving part of its production to these countries, Japan could take advantage of the low labor costs. This also helped Japan expand its political influence in the Mekong subregion. To serve this purpose, Japan engages multilaterally via the ADB with all Mekong countries, including China in the GMS. Second, Japan wants to balance China's role in the sub-region. These goals are reflected in Japan's creation of cooperation platform with Mekong countries and how it has been committing resources and promoting high-standard norms and rules for infrastructure development. Japan has been doing so by engaging with lower Mekong countries, excluding China in the Mekong-Japan Cooperation since 2008. Japan also collaborates with the US as part of their global effort in balancing China.

For South Korea, engagement with the lower Mekong countries crosses a wide range of sectors with a focus on economic development. The Mekong-Republic of Korea Cooperation is seen as part of the country's New Southern Policy which identified Southeast

Asia and India as strategic partners.<sup>34</sup> Enhancing economic relations with this subregion help South Korea take advantage of low labor costs to establish production bases in Southeast Asia. This also helps the country diversify its trade and investment amid the rising strategic competition between the US and China. For South Korea, both the US and China are important for the country in dealing with the nuclear issue on the Korean peninsula.<sup>35</sup> South Korea is also reluctant to enhance economic cooperation with Japan because of their historical tensions, so enhanced economic cooperation might be at risk.<sup>36</sup>

South Korea's enhanced economic relations with the lower Mekong countries, especially with Vietnam are also seen as adaptive measures to the escalating tensions between the US and China, particularly the trade war since the Trump administration. By diversifying economic relations, South Korea can minimize the impact caused by the country's two most important economic partners. The US and China account for 35% of South Korea's total trade volume so in its New Southern Policy, South Korea hopes to reduce its dependence on the two superpowers.<sup>37</sup> Vietnam is seen as one of the priorities for the implementation of the New Southern Policy. South Korea has substantially diverted its investment and trade to Vietnam. South Korea's exports to Vietnam increased considerably, from \$27.77 billion to \$48.62 billion for the 2015-2018 period, making Vietnam the third-largest export market for South Korea.<sup>38</sup>

Australia is geographically far away from the Mekong subregion but considers this subregion, as part of the Indo-Pacific as its security "outer ring," after the first ring of the Pacific Islands.<sup>39</sup> Though seen as the outer ring, the Indo-Pacific is where the most important security partners, including the US and Japan, as well as the biggest trading partners, are located. Australia has an interest and has been calling for an "open, inclusive and rules-based" Indo-Pacific.<sup>40</sup> However, the rise of China and its wish to expand its assertive actions threaten the current

<sup>34</sup> Sea Young Kim, "South Korea's New Southern Policy: Will Its 'Legacy' Continue Under the Next Administration?," *Korea Economic Institute of America*, accessed December 8, 2022, <https://keia.org/the-peninsula/south-koreas-new-southern-policy-will-its-legacy-continue-under-the-next-administration/>.

<sup>35</sup> Shawn Ho and Kaewkamol Pitakdumrongkit, "Can Seoul's Efforts Flow More Investments from Han to Mekong River? | The Straits Times," *The Straits Times*, accessed October 7, 2022, <https://www.straitstimes.com/opinion/can-seouls-efforts-flow-more-investments-from-han-to-mekong-river>.

<sup>36</sup> Ibid.

<sup>37</sup> Sungil Kwak, "Korea's New Southern Policy: Vision and Challenges," November 2018, *Think-Asia*, accessed December 8, 2022, <https://think-asia.org/handle/11540/9407>.

<sup>38</sup> Pongphisoot Busbarat, "Re-Enmeshment in the Mekong: External Powers' Turn," no. 2020 (2020): 6.

<sup>39</sup> Hervé Lemahieu, "The Case for Australia to Step up in Southeast Asia," *Brookings*, October 2020, [https://www.brookings.edu/wp-content/uploads/2020/10/FP\\_20201022\\_australia\\_se\\_asia\\_lemahieu\\_v2.pdf](https://www.brookings.edu/wp-content/uploads/2020/10/FP_20201022_australia_se_asia_lemahieu_v2.pdf).

<sup>40</sup> Ibid.

rules-based order which Australia has long been benefiting from. The Mekong subregion is where China has the most advantage, ambition, and ability to play a hegemon role. The country has been actively engaging with the lower Mekong countries with billions of US dollars in economic assistance and investment. China's role is even more dominant in countries where it is hard to attract investment from the US and its allies. The Mekong subregion, as part of Southeast Asia, is also a transiting place for many non-traditional security threats to Australia.<sup>41</sup> For example, the immigration issue, as previously mentioned, is a major concern for the country.

The US and its allies, namely Japan, South Korea, and Australia arguably have a common interest in maintaining the current rules-based order in the Mekong subregion. However, they also have their own interest in the Mekong subregion. While the US' major interest is to maintain its role and influence and therefore, it has been directly countering China's actions in the Mekong subregion. Japan has both economic and political interests as it wishes to take advantage of low labor cost to establish its production bases in the lower Mekong countries, and at the same time, counter China's influence. South Korea wants to expand its economic presence in the Mekong subregion as a way to diversify its economic relations besides those with the US and China. This is important for South Korea, as the country does not want to be trapped in the US-China tensions, as these two countries play important role in the nuclear issue on the Korean peninsula. South Korea has generally preferred to keep good relations with both sides since its normalization of ties with China in 1992, and. That's why the country, besides promoting its own economic interests with the lower Mekong countries, cooperates with the US but tends to avoid criticizing China. Australia's main interest in the Mekong subregion is to promote a rules-based order and peaceful region. Australia also promotes efforts to address non-traditional security issues that threaten the country.

With their different interests in the Mekong subregion, the US and its allies are also adopting different approaches to China's actions in the Mekong River basin. The US is most vocal and

directly criticizes China's actions in the Mekong subregion such as dam building, debt trap diplomacy, extra-territorial river patrol, and other problems related to China's investment such as criminal groups in China-invested casinos and special economic zones.<sup>42</sup> Meanwhile, though Japan, South Korea, and Australia do cooperate with the US, they avoid publicly criticizing China over its actions in the Mekong and in the subregion. Japan has a huge economic interest in the Mekong subregion and has long been a major funder for infrastructure development for the lower Mekong countries. Japan worries about China's threat to its role but does not publicly criticize China over the dam issue or the consequences of Chinese investment. Instead, Japan counters China's role mostly via economic means. Similarly, Australia does not publicly challenge China over the Mekong water issues but focuses on addressing non-traditional threats arising in the subregion that could affect Australia. Meanwhile, South Korea focuses on its economic engagement with the Mekong subregion without challenging China's role.

### **The Cooperation Between the US and its Allies in the Mekong Subregion**

The US and its allies' common interests explain their ongoing cooperation in the Mekong subregion. Their cooperation can be seen at the subregional level under the Friends of the Lower Mekong and the Mekong-US Partnership. At the global level, the US and its allies are cooperating in some issues and forums. Though not mentioning the Mekong subregion, their cooperation at the global level has implications for their common goals of maintaining a rules-based order in the Mekong subregion.

One can trace the cooperation between the US and its allies in the Mekong subregion back to the establishment of the Friends of the Lower Mekong. The US and its partners established FLM in 2011 to function as a platform to coordinate development assistance to the Mekong subregion by which include Australia, Japan, South Korea, New Zealand, the European Union (EU), the ADB, and the World Bank.<sup>43</sup> The Friends of the Lower Mekong was later renamed to the Friends of the Mekong (FLM) in 2020,

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<sup>41</sup> Melissa Tyler, "Southeast Asia Matters to Australia," *The University of Melbourne*, accessed December 9, 2022, <https://pursuit.unimelb.edu.au/articles/southeast-asia-matters-to-australia>.

<sup>42</sup> "Secretary of State Michael R. Pompeo Opening Remarks at the Lower Mekong Initiative Ministerial," *U.S. Embassy & Consulate in Vietnam*,

accessed Nov. 3, 2022, <https://vn.usembassy.gov/opening-remarks-at-the-lower-mekong-initiative-ministerial/>.

<sup>43</sup> Pongphisoot Busbarat, Poowin Bunyavejchewin, and Thapiporn Suporn, "China and Mekong Regionalism: A Reappraisal of the Formation of

and the Mekong River Commission joined this platform in 2021.<sup>44</sup> The Friends of the Mekong includes two main tracks: the donor dialogue and the annual policy dialogue.<sup>45</sup> The work of the FLM appears mainly limited to sharing information and policy regarding their development assistance to the Mekong subregion. Information published on the Mekong-US Partnership website shows that FLM meetings cover the discussion on a wide range of issues, including the Mekong water governance, connectivity, infrastructure development, recovery from the pandemic, and other related issues.

The US and its allies began their enhanced engagement with the Mekong subregion and increased cooperation with one another after the establishment of the China-led Mekong-Lancang Cooperation in 2015. As previously mentioned, under the MLC, China pushes its influence and establishes its own order in the Mekong subregion. China sees the MLC as an integral part of its Belt and Road Initiative and invests billions in this subregion. For its part, the US and its allies also restructure their engagement. Japan upgraded the Mekong-Japan Cooperation to the strategic level in 2018 and committed to increasing funding for development projects in the subregion. The US reformed the Lower Mekong Initiative into the Mekong-US Partnership in 2020. In 2018, the South Korea-Mekong Partnership held the first leaders' meeting and upgraded their cooperation to the strategic level since the second summit in 2020.<sup>46</sup> Australia created the Mekong-Australia Partnership in 2020.<sup>47</sup> All these developments reflect coordinated responses by the US and its allies to China's expanding role in the Mekong subregion. The US began actual cooperation with its allies in the Mekong subregion in 2019 when then-Secretary of State Mike Pompeo announced

several initiatives with Mekong subregion allies. They include three main projects.

First, the US and Japan would implement the Japan-US-Mekong Power Partnership (JUMPP) to help "develop regional electricity grids."<sup>48</sup> The JUMPP aims to help the Mekong subregion meet its energy demand and is following the G20 Principles for Quality Infrastructure Investment.<sup>49</sup> The US would provide an initial amount of \$29.5 million for this joint effort.<sup>50</sup> Second, the US and South Korea would implement "a joint project to use satellite imagery" to help "effectively to assess Mekong flood and drought patterns."<sup>51</sup> Under this initiative, the US and South Korea providing training for the lower Mekong countries on utilizing and modeling water data.<sup>52</sup> Third, the US would also cooperate with Australia in combating transnational crimes in the Mekong subregion. The US committed to providing \$55 million for this effort.<sup>53</sup> On its side, Australia would provide A\$30 million for this project.<sup>54</sup> The joint efforts by these two countries result from their common concerns over not only non-traditional threats from the lower Mekong countries themselves but also from other social and criminal problems caused by Chinese investment in the lower Mekong countries.

At the regional level, the US and its allies cooperate on many issues. Though not mentioning the Mekong subregion, their cooperation at this level will have an impact on development in the sub-region. The Indo-Pacific concept is a major focus for the cooperation between the US and its allies. In 2018, the US, Japan, and Australia launched the Trilateral Partnership for Infrastructure Investment in the Indo-Pacific. This initiative aims to "build infrastructure, address key development challenges, increase connectivity, and

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Lancang-Mekong Cooperation," *Asian Politics & Policy* 13, no. 2 (April 2021): 205, doi:10.1111/aspp.12575.

<sup>44</sup> "Friends of the Mekong Archives," *Mekong - U.S. Partnership*, accessed March 30, 2023, <https://mekonguspartnership.org/partners/fom/>.

<sup>45</sup> Ibid.

<sup>46</sup> Choi He-suk, "Korea, Mekong Nations Upgrade Relations, Adopt Joint Statement," *The Korea Herald*, accessed Aug. 5, 2021, <http://www.koreaherald.com/view.php?ud=20201113000597>.

<sup>47</sup> "Mekong-Australia Partnership," *Australian Government Department of Foreign Affairs and Trade*, accessed November 5, 2022, <https://www.dfat.gov.au/geo/southeast-asia/investing-our-southeast-asian-partnerships/mekong-australia-partnership>.

<sup>48</sup> "Secretary of State Michael R. Pompeo Opening Remarks at the Lower Mekong Initiative Ministerial."

<sup>49</sup> "Japan-United States Mekong Power Partnership" (Ministry of Foreign Affairs of Japan, n.d.), <https://www.mofa.go.jp/mofaj/files/000505591.pdf>.

<sup>50</sup> "Secretary of State Michael R. Pompeo Opening Remarks at the Lower Mekong Initiative Ministerial," *U.S. Embassy & Consulate in Vietnam*,

accessed November 28, 2022, <https://vn.usembassy.gov/opening-remarks-at-the-lower-mekong-initiative-ministerial/>.

<sup>51</sup> "Secretary of State Michael R. Pompeo Opening Remarks at the Lower Mekong Initiative Ministerial."

<sup>52</sup> "United States, South Korea, and Mekong River Commission Partnership Launches," *Mekong - U.S. Partnership*, accessed December 4, 2022, <https://mekonguspartnership.org/2021/07/28/united-states-south-korea-and-mekong-river-commission-partnership-launches/>.

<sup>53</sup> "Mekong-U.S. Partnership Joint Ministerial Statement," *United States Department of State*, accessed Dec. 4, 2022, <https://2017-2021.state.gov/mekong-u-s-partnership-joint-ministerial-statement/index.html>.

<sup>54</sup> "Upcoming Opportunity: Mekong-Australia Program on Transnational Crime," accessed December 9, 2022, <https://www.dfat.gov.au/about-us/business-opportunities/Pages/upcoming-opportunity-mekong-australia-program-transnational-crime>.

promote economic growth.”<sup>55</sup> The implementing agencies for this initiative will be the US’ Overseas Private Investment Corporation, the Japan Bank for International Cooperation (JBIC), Australia’s Department of Foreign Affairs and Trade (DFAT), and the Export Finance and Insurance Corporation.<sup>56</sup> Though not directly mentioning the Mekong subregion, this initiative covers the Indo-Pacific so it can be applied in the Mekong subregion.

The establishment of the Trilateral Partnership reflects the efforts by the US and its allies in countering the expanding role of China in infrastructure development in the Indo-Pacific. A key part of this initiative is to facilitate the public-private partnership in line with the US approach of engaging the private sector in economic development. To facilitate this approach, the three members of the Trilateral Partnership adopt the Blue Dot Network (BDN) to “certify infrastructure projects against robust criteria and standards.”<sup>57</sup> Being given the BDN certification could help open access to US\$60 billion in loans or equity via the US International Development Finance Corporation.<sup>58</sup> The US’ Overseas Private Investment Corporation works via mobilizing “private capital to help address critical development challenges and in doing so, advances US foreign policy and national security priorities.”<sup>59</sup> This is contrary to China’s state-central approach under which the Beijing can instruct its state-run enterprises to quickly implement approved projects. Recipient countries welcome it, so this gives China a special advantage.

However, despite the strong commitment from the three countries, the Trilateral Partnership has made slow progress. It is reported that up to January 2021, this initiative had not reached an agreement on particular standards for the certification.<sup>60</sup> Up to October 2020, the first project to be started was the

“undersea fiber optic cable connecting Palau with the Indo-Pacific,” worth \$20 million.<sup>61</sup>

Another initiative launched by the US to facilitate cooperation with its allies and partners is the Indo-Pacific Economic Framework for Prosperity (IPEF). The IPEF was announced in May 2022 with partners in the Indo-Pacific: Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, and Vietnam.<sup>62</sup> The IPEF covers four pillars, namely (i) trade; (ii) supply chains; (iii) clean energy, decarbonization, and infrastructure; and (iv) tax and anti-corruption. This can be seen as another effort by the US to expand its cooperation with not only its allies but also with key partners in the Indo-Pacific. Though the initiative is at its early stage of negotiation, the proposed areas of cooperation are highly compatible with the needs of the region in general and the Mekong subregion in particular. Especially, the initiative covers some of the issues that are new and challenging to some lower Mekong countries, such as clean energy and decarbonization. At COP 26 in Glasgow, Thailand and Vietnam made ambitious commitments to becoming net zero carbon emitters by 2050. To achieve these goals, they need substantial assistance, both in terms of funding and technology, where the US and its allies have enormous advantages. Therefore, the initiative can be used to enhance the role of the US if the initiative is successfully implemented.

IPEF looks appealing, but there is uncertainty about the future realization and implementation of IPEF. Regional countries welcome the launch of this initiative but express doubts about the concrete outcome.<sup>63</sup> IPEF is broad as it covers a wide range of issues that require complicated negotiation and resources for implementation, including funding. There has not been much detail about US financial

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<sup>55</sup> “US-Japan-Australia Announce Trilateral Partnership for Indo-Pacific Infrastructure Investment,” *U.S. International Development Finance Corporation (DFC)*, accessed April 2, 2023, <https://www.dfc.gov/media/opic-press-releases/us-japan-australia-announce-trilateral-partnership-indo-pacific>.

<sup>56</sup> “Joint Statement of the Governments of the United States of America, Australia, and Japan on the Trilateral Partnership for Infrastructure Investment in the Indo-Pacific,” *The American Presidency Project*, accessed April 2, 2023, <https://www.presidency.ucsb.edu/documents/joint-statement-the-governments-the-united-states-america-australia-and-japan-the>.

<sup>57</sup> “Blue Dot Network,” *United States Department of State*, accessed April 2, 2023, <https://www.state.gov/blue-dot-network/>.

<sup>58</sup> Hayley Channer, “Revitalizing the Trilateral Partnership,” *Reconnecting Asia*, May 26, 2021, <https://reconasia.csis.org/revitalizing-the-trilateral-partnership/>.

<sup>59</sup> “US-Japan-Australia Announce Trilateral Partnership for Indo-Pacific Infrastructure Investment.”

<sup>60</sup> Channer, “Revitalizing the Trilateral Partnership.”

<sup>61</sup> *Ibid.*

<sup>62</sup> “FACT SHEET: In Asia, President Biden and a Dozen Indo-Pacific Partners Launch the Indo-Pacific Economic Framework for Prosperity,” *The White House*, accessed April 2, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/05/23/fact-sheet-in-asia-president-biden-and-a-dozen-indo-pacific-partners-launch-the-indo-pacific-economic-framework-for-prosperity/>.

<sup>63</sup> “Focus on the Indo-Pacific: Better Understanding the Indo-Pacific Economic Framework for Prosperity,” *Brownstein*, June 23, 2022, <https://www.bhfs.com/insights/alerts-articles/2022/focus-on-the-indo-pacific-better-understanding-the-indo-pacific-economic-framework-for-prosperity>.

commitments. However, after the announcement of the conclusion of the negotiations of an IPEF Supply Chain Agreement in May 2023, *The Diplomat* reported that the US “plans to rope in the private sector in a big way to affect public-private partnership in this domain.”<sup>64</sup> This could imply private funding as a major source of funding for IPEF. The US has a huge private sector, but engagement of US businesses in projects in other countries, especially developing ones, requires many factors, including profitability, transparency, and consistent legal systems plus a favorable business environment, where IPEF’s developing members have a long way to go. Particularly, large infrastructure projects require huge funding and take a long time to produce profits, so the public sector mainly funds this domain. The approach of engaging the private sector is similar to that of the Trilateral Partnership for Infrastructure Investment in the Indo-Pacific, as mentioned earlier. Therefore, it is important for the US and partners in the IPEF to identify feasible ways of engaging the private sector in this new initiative.

## **Recommendations to Enhance the Cooperation Between the US and its Allies in the Mekong Subregion**

More effective cooperation is needed to promote a rules-based order and the role of the US and its allies in the Mekong subregion. The US can facilitate this cooperation based on its own advantages and those of its allies with regard to the ongoing development in the Mekong subregion. The US can be seen as one of the major players in the Mekong subregion. It has ally relations with Thailand and enhanced relations with other lower Mekong countries, particularly Vietnam. However, there remain obstacles or even mistrust from some lower Mekong countries in their relations with the US. In the case of Myanmar, since the military coup in early 2021, the enhancing relations between the two countries were almost reversed when the US and other Western countries cut their assistance. In relations with Laos, Cambodia, and Vietnam, some obstacles remain to their bilateral

relations with the US, such as human rights and democracy. In the economic realm, the US plays a limited role in terms of share of trade turnover and foreign investment. The US’ foreign direct investment and economic assistance to the lower Mekong countries remains modest. However, in terms of trade, while the US’s trade with Myanmar, Laos, and Cambodia is limited, it is the biggest export market for Thailand and Vietnam. This might be because the US private sector does not see much benefit in investing in infrastructure development in the Mekong subregion, partly because of the far geographic proximity. They also see the investment environment there as not so conducive to making a profit. However, it is important to note that trade with the US brings the biggest trade surpluses for these two economies to compensate for their huge deficits in trade with China, reflecting the important role that the US is playing in the economies of Thailand and Vietnam.

Japan is one of the major economic assistance providers to the Mekong subregion in general. For example, in the period between 2015 – 2018, Japan’s official development assistance to the Mekong subregion amounted to 750 billion Yen or more than US\$5 billion at current exchange rate.<sup>65</sup> Japan’s assistance has been playing a very important role in economic development in the lower Mekong countries and in balancing the expanding role of China in this subregion. Japan is still the biggest ODA provider for the subregion. For the 2016-2018 period, Japan provided 750 billion yen (\$6.6 billion) to the Mekong countries under the Mekong-Japan Cooperation.<sup>66</sup> Besides that, the ADB where Japan holds the most share, committed to providing \$7 billion under the GMS.<sup>67</sup> This economic assistance has been helping the lower Mekong countries in improving their infrastructure and connecting with one another via the East–West Economic Corridor and Southern Economic Corridor under the GMS. These two connectivity corridors are not only important in terms of economic development but also help the Mekong countries less dependent and take advantage of China’s economic engagement and its

<sup>64</sup> Rajeswari Pillai Rajagopalan, “Indo-Pacific Economic Framework for Prosperity Reaches Supply Chain Agreement,” *The Diplomat*, accessed June 27, 2023, <https://thediplomat.com/2023/06/indo-pacific-economic-framework-for-prosperity-reaches-supply-chain-agreement/>.

<sup>65</sup> “Tokyo Strategy 2018 for Mekong-Japan Cooperation” (Mekong - Japan Cooperation, n.d.), <https://www.mofa.go.jp/files/000406731.pdf>.

<sup>66</sup> “Dấu Mốc Mới Trong Hợp Tác Mekong - Nhật Bản (New Milestone in Mekong - Japan Cooperation),” accessed April 6, 2023,

<https://vietnam.vnnet.vn/vietnamese/tin-tuc/dau-moc-moi-trong-hop-tac-mekong-nhat-ban-167854.html>.

<sup>67</sup> “Chủ tịch ADB Chúc Mừng Tiểu Vùng Mê-Kông Mở Rộng Nhân Kỷ Niệm 25 Năm Hợp Tác Thành Công (ADB President Congratulates the Mekong Subregion on the Occasion of 25 Years of Successful Cooperation),” *Asian Development Bank*, accessed April 6, 2023, [https://www.adb.org/vi/news/adb-president-congratulates-greater-mekong-subregion-25-years-successful-cooperation?fbclid=IwAR3Rg-SrjSga1QpmcjwEzIR\\_2vec9iSwsBL\\_TXjXRS0W-GbAbAeqsdv2vHg](https://www.adb.org/vi/news/adb-president-congratulates-greater-mekong-subregion-25-years-successful-cooperation?fbclid=IwAR3Rg-SrjSga1QpmcjwEzIR_2vec9iSwsBL_TXjXRS0W-GbAbAeqsdv2vHg).



long-time supported North-South Economic Corridor. This corridor runs through Laos, Bangkok, and Malaysia. China has long supported rail connectivity between its landlocked southwestern provinces with Southeast Asia and other parts of the world. The country has been consistently proposing particular projects to realize its connectivity plan, such as the Singapore-Kunming Rail Link under the ASEAN Mekong Basin Development Cooperation. China also proposes North-South connectivity through the idea of the Mekong-Lancang Economic Development Belt (MLEDB) and the synergy between the MLEDB and the New Land-Sea Trade Corridor under the Mekong-Lancang Cooperation. The idea of establishing the MLEDB was first mentioned in the second MLC leaders' meeting in 2018<sup>68</sup> and further reiterated in the fourth and fifth foreign ministerial meetings in December 2018<sup>69</sup> and February 2020.<sup>70</sup> Meanwhile, China proposed the synergy between the MLEDB and the New Land-Sea Trade Corridor under the Mekong-Lancang Cooperation at the fifth foreign ministerial meeting in 2020.<sup>71</sup> China and Laos, as the co-chairs of the MLC in 2021, issued a co-chairs statement to support this initiative.<sup>72</sup>

The proposed north-south economic corridor would greatly contribute to enhancing trade and investment between China and the lower Mekong countries. It would also help China acquire another trade route which makes the country less dependent on the sea lane via South China and the Malacca Strait. With its engagement, Japan has gained a high level of trust from the lower Mekong countries. This is an important factor in further accelerating their future cooperation.

Though being seen as the latecomer in engagement with the Mekong subregion, South Korea and Australia's approaches toward engagement via enhanced investment and addressing non-traditional security issues are much welcome by the lower Mekong countries such as Thailand and Vietnam. It is also harder to argue that enhanced cooperation with these two partners amounts to "taking sides"

between the US or China. This makes the lower Mekong countries more comfortable in the context of intensified competition between the two great powers.

The US and its allies have their own interests and approaches toward engaging with the Mekong subregion. While the US' goal is clearly to challenge the expanding role of China in diplomatic, political, and security issues, the US allies share the interest in balancing China but with softer approaches that also serve their own economic, political, and security interests. These differences are also the advantages based on which Japan, South Korea, and Australia can cooperate with the US in promoting a rules-based prosperous, and stable Mekong subregion.

This paper recommends the following proposals for enhancing the cooperation between the US and its allies in the Mekong subregion.

*First, strengthening the role of international norms and rules is critical in promoting the more efficient governance of the transboundary Mekong water resources.* International laws are playing a weakening role in the context that subregional countries are suffering from more and more water-related disasters, particularly the rising frequency of severe droughts and unexpected water fluctuation related to the operation of upstream dams. The application of the two major legal bodies, the 1997 United Nations Convention on the Law of Non-Navigational Uses of International Watercourses and the Mekong 1995 Agreement reached by the four member nations of the MRC, can be further strengthened. The US and its allies can play a very important role in this process.

Currently, Vietnam is the only Mekong country to ratify the 1997 UN Convention. This means this international legal body does not take effect in the entire Mekong River basin. In this regard, effort can be taken to persuade other riparian countries to ratify this important treaty. Work can be done first to promote better understanding among local academia, media, and lawmakers. This will serve as

<sup>68</sup> "Phnom Penh Declaration of the Second Mekong-Lancang Cooperation (MLC) Leaders' Meeting" (Mekong-Lancang Cooperation, January 2018).

<sup>69</sup> "Joint Press Communiqué of the Fourth Lancang-Mekong Cooperation (LMC) Foreign Ministers' Meeting\_Lancang-Mekong Water Resources Cooperation Information Sharing Platform," *Lancang - Mekong Water Resources Cooperation Information Sharing Platform*, accessed Sept. 25, 2021, [http://www.lmcwater.org.cn/cooperative\\_achievements/important\\_documents/files/202008/t20200825\\_162713.html](http://www.lmcwater.org.cn/cooperative_achievements/important_documents/files/202008/t20200825_162713.html).

<sup>70</sup> "Joint Press Communiqué of the Fifth Mekong-Lancang Cooperation Foreign Ministers' Meeting," *Ministry of Foreign Affairs of the People's*

*Republic of China*, accessed June 22, 2023,

[https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/2649\\_665393/202002/t20200221\\_679607.html](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/202002/t20200221_679607.html).

<sup>71</sup> *Ibid.*

<sup>72</sup> "Co-Chairs' Statement on Cooperation of Synergizing the Mekong-Lancang Cooperation and the New International Land-Sea Trade Corridor of the Third Mekong-Lancang Cooperation (MLC) Leaders' Meeting," accessed June 22, 2023, [http://www.xinhuanet.com/english/2020-08/24/c\\_139314519.htm](http://www.xinhuanet.com/english/2020-08/24/c_139314519.htm).

building common consensus on the need to bring the ratification of this legal body to the discussion at the government level.

At the subregional level, the current support from the US and its allies for the MRC will help this organization to continue to play its critical role in coordinating the work of the member countries in governing Mekong water-related problems, especially in dealing with the impact of severe droughts and unexpected water fluctuation caused by Chinese upstream hydropower dams. Both political, financial, and technical support is needed, especially in the context that the MRC is facing several challenges, as earlier mentioned, including the risk of being sidelined by China's Mekong-Lancang Water Resources Cooperation Center.

*Second, the current cooperation between the US and its allies on economic issues can be expanded to include practical infrastructure projects with high standards.* The coordination between the US and its partners in the Mekong subregion began with the establishment of the Friends of the Lower Mekong (FLM) in 2011 to coordinate development assistance in this mainland part of Southeast Asia. However, the work of the FLM is mainly limited to policy dialogues where its members exchange information and coordinate their projects with the Mekong subregion. Similarly, the Japan-US-Mekong Power Partnership (JUMPP) is mainly focusing on technical support. These cooperation initiatives could be made more effective by moving forward to implementing actual projects, especially those in infrastructure and economic development. The launch of the Trilateral Partnership for Infrastructure Investment in the Indo-Pacific paves the way to move toward this direction. The Trilateral Partnership can be implemented in the Mekong subregion, which is part of the larger region of the Indo-Pacific. However, as mentioned in previous parts, the implementation of this Trilateral Partnership is moving slowly. To speed up this initiative, the US, Japan, and Australia can first begin by discussing and reaching a consensus on certain standards for projects to be financed under this framework. This process can involve targeted recipient countries, such as those in the Pacific and the Mekong subregion. The inclusion of these

partners in the process would facilitate a mutual understanding of the needs of both donors and recipients. The online dialogue between the representatives of the Trilateral Partnership with the Vietnam Communist Party's Central Economic Commission and the Ministry of Industry and Trade in early 2022<sup>73</sup> reflects the potential cooperation between the Partnership and the Mekong countries. The dialogue was then followed by an in-person meeting later the same year to further discuss actual cooperation.<sup>74</sup> At the meeting, Vietnam mentioned the need to seek financial and technical support for its energy transition, and later in 2023, the Trilateral Partnership announced a statement on supporting Vietnam moving toward net zero carbon emission.<sup>75</sup> Vietnam made a very strong commitment at COP26 to achieve net zero carbon emissions by 2050.

The case of communication between Vietnam and the Trilateral Partnership shows the potential practical implementation of the Trilateral Partnership in the Mekong subregion. Besides bilateral channels, the engagement between this new initiative and Mekong riparian countries could be made via multilateral platforms to facilitate wider participation and communications. Similarly, the recently launched Indo-Pacific Economic Framework for Prosperity could bring the discussion of the future implementation within appropriate multilateral platforms. Coordination is needed to avoid duplication of effort by these two initiatives.

Besides that, the coordination between the existing subregional cooperation mechanisms led by the US and its allies could also be enhanced. Currently, the Mekong – US Partnership, Mekong – Japan, Mekong – Republic of Korea Partnership and Mekong – Australia Partnership are having their own agendas and priorities but they generally focus on economic development and technical supports for the Mekong subregion to deal with water fluctuation and climate change. The overlapping of focused areas could be better coordinated. In fact, there have been initial cooperation, for example, the Japan-US-Mekong Power Partnership and the ROK-U.S. Mekong collaboration assists in the development of water-related resources are being coordinated under the

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<sup>73</sup> "Trilateral Infrastructure Partnership Meets with Communist Party of Vietnam Central Economic Commission and Relevant Ministry," *Japan Bank for International Cooperation*, accessed April 9, 2023, <https://www.jbic.go.jp/en/information/topics/topics-2021/0202-015853.html>.

<sup>74</sup> "Dispatch of Joint Mission under Trilateral Infrastructure Partnership," *Japan Bank for International Cooperation*, accessed April 9, 2023, <https://www.jbic.go.jp/en/information/topics/topics-2022/0112-017235.html>.

<sup>75</sup> *Ibid.*

Friends of the Mekong platform.<sup>76</sup> This initial coordination can be further expanded to improve the subregional economic resilience and deal with non-traditional security issues. These two areas are also seen as priority by the US and its allies in their engagement. Therefore, the coordinated in actual programs/projects could bring greater effectiveness.

*Third, non-traditional security issues could be a focus for the cooperation between the US and its allies.* Currently, the US and South Korea are implementing a joint effort in helping the Mekong countries better utilize water data to analyze and predict the Mekong water fluctuation. Meanwhile, the US and Australia focus on combating transnational threats such as cybersecurity and illicit trafficking in persons, drugs, and restricted and endangered wildlife species.<sup>77</sup> These supports have been greatly helping subregional countries deal with these emerging issues. The spread of the COVID-19 pandemic is an example of the very important role of the US and its allies, which provided subregional countries with millions of vaccine doses. With their advanced economies and technology, the US and its allies have great potential to provide technical support and knowledge to the Mekong subregion in dealing with future threats.

On some issues, the involvement of the US allies shows great effectiveness. For example, on cyber security, Australia has been very active in engaging with ASEAN to facilitate the discussion of different aspects of governing cyberspace, including the application of common rules and norms, even though Australia might have different policies toward governing cyberspace compared to those adopted by other ASEAN nations. Similarly, South Korea and Japan have their advantages in developing digital economy and information technology areas where they can cooperate with the Mekong countries.

Regarding transnational organized crimes (TOC), including those on cyber and human trafficking, the efforts to curb these matters can be internationally coordinated, given the cross-border nature of TOC.<sup>78</sup> With their capacity and experience, the US and its allies, particularly South Korea, Japan, and Australia,

could take the lead in these efforts to develop linkages among countries as well as among law enforcement agencies and civil society organizations to jointly deter and detect transnational crime, strengthen investigation and enforcement methods. Raising public awareness about these transnational organized crimes is important to help local people from being trapped by these crimes, given that local people could be involved in these crimes to earn their living.

The focus could be placed on some particular areas to enhance effectiveness, such as the Golden Triangle which is a major hotspot for illegal drug production and trafficking, or casinos and special economic zones where organized crimes have been identified, such as trafficking in drugs, wildlife, and even human.

*Fourth, track 1.5 and track 2 diplomacy could support the enhanced cooperation between the US and its allies in the Mekong subregion.* As previously proposed, the cooperation between the US and its allies could help promote the role of international rules and norms as well as to realize physical development projects. All these processes need mutual understanding of different needs, demands, procedures and standards. The involvement of all related parties, including government officials, academia, businesses and civil society organizations, will be very helpful in realizing the above-mentioned proposals, given their different interests, procedures, and even government systems. According to Assoc. Prof. Bradley Jensen Murg, Chair of the Department of International Relations and Political Science at Paragon International University, the US has huge strength in these track 1.5 and 2 dialogues as they are substantive and genuine. Compared with China, he emphasized that China's efforts are to set the agenda, pre-determining conference, and research outcomes, and generally seeking acclamation rather than consultation.

Under the Mekong-US Partnership, the Stimson Center has organized several conferences between 2021-2023 to "explore solutions to key policy and

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<sup>76</sup> "U.S. Press Statement on the Friends of the Mekong Senior Officials' Meeting: Enhancing Cooperation: Coordinating with Friends and Allies," *U.S. Mission to ASEAN*, accessed August 15, 2023, <https://asean.usmission.gov/u-s-press-statement-on-the-friends-of-the-mekong-senior-officials-meeting-enhancing-cooperation-coordinating-with-friends-and-allies/>.

<sup>77</sup> "Mekong-U.S. Partnership Joint Ministerial Statement," *United States Department of State*, accessed June 23, 2023, <https://2017-2021.state.gov/mekong-u-s-partnership-joint-ministerial-statement/index.html>.

<sup>78</sup> "Summary Report of 1st Mekong - U.S. Track 1.5 Policy Dialogue" (Stimson Center, Sept. 15, 2021), 18, [https://www.stimson.org/wp-content/uploads/2021/09/MUSPPD-Public-Report\\_WEB-SP.pdf](https://www.stimson.org/wp-content/uploads/2021/09/MUSPPD-Public-Report_WEB-SP.pdf).

sustainability challenges in the Lower Mekong.”<sup>79</sup> The themes for these conferences included human resources and capacity building, connectivity, energy and infrastructure, and nature-based solutions. To further enhance the effectiveness of these dialogues, the US can promote more participation from its allies, including those from Japan, South Korea, Australia, EU to coordinate their different efforts in the subregion. These partners with their respective expertise can supplement the US engagement in the Mekong subregion in areas such as economic development, science and technology, environmental protection, adaptation to climate change, digital economy and other related issues. The involvement of businesses or private sector is critically important in realizing the implementation of action plan related to economic development at track 1. Japanese and South Korean enterprises have long been investing largely in the Mekong subregion so their experiences could be good reference to those from the US.

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<sup>79</sup> “Mekong-US Partnership Track 1.5 Policy Dialogue on Nature-Based Solutions,” accessed June 24, 2023, <https://www.stimson.org/2023/mekong-us-partnership-track-1-5-policy-dialogue-on-nature-based-solutions/>.

## ABOUT THE AUTHOR

**Sach Nguyen** is a research fellow at the Institute for Foreign Policy and Strategic Studies, Diplomatic Academy of Vietnam, and former Resident Lloyd and Lilian Vasey Fellow at Pacific Forum. He was a contact point for Vietnam's participation in several track II diplomacy networks in the Asia Pacific, including the Council for Security Cooperation in the Asia Pacific (CSCAP), the network of ASEAN Institutes of Strategic and International Studies (ASEAN ISIS), and others. He gained his bachelor's degree in international relations from the Diplomatic Academy of Vietnam in 2010 and his master's degree in public policy from the Australian National University in 2016. He works and writes on issues related to Vietnam's foreign policy, non-traditional security issues, and the Mekong subregion.