The Asia-Pacific Journal: Japan Focus
n-depth critical analysis of the forces shaping the Asia-Pacific...and the world.

China Moves Oil Up the Mekong: What price the environment?

Marwaan Macan-Markar

China Moves Oil Up the Mekong: What price the environment?

By Marwaan Macan-Markar

BANGKOK - Energy-hungry China has started to use the Mekong River as a new oil-shipping route, raising new environmental concerns that accidental spills could adversely affect the livelihoods of nearly 60 million downstream river dwellers and eventually evolve into a bone of diplomatic contention between Southeast Asian countries and China.

The Mekong River

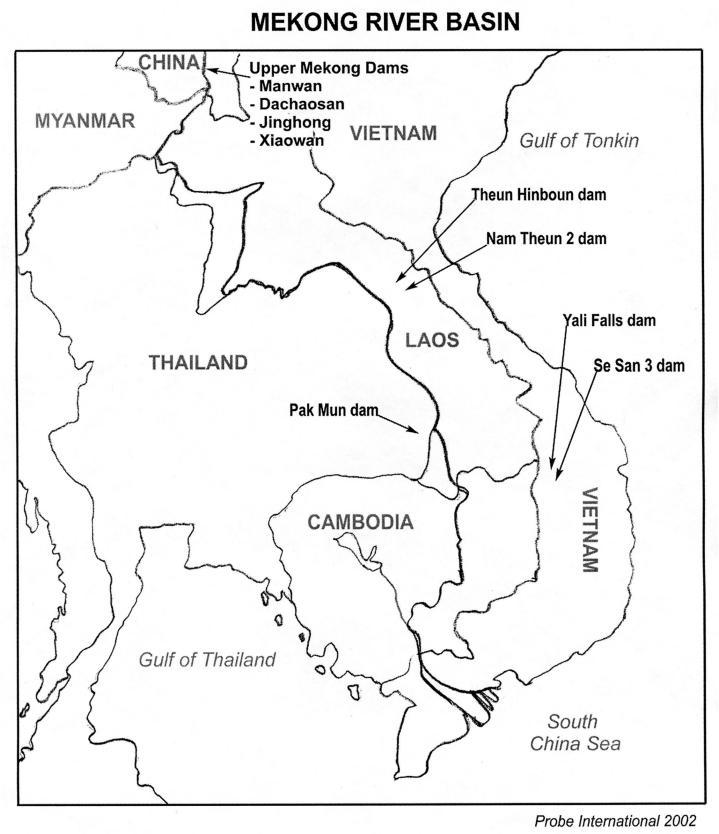
The maiden journey on December 29 of two Chinese ships carrying oil up the Mekong underscored Beijing's steadfast determination to find alternative routes for transporting the oil and gas it imports from the Middle East. The two vessels arrived at a port in China's southwestern province of Yunnan carrying a total of 300 tons of refined oil, which was shipped from a port in Thailand's northern province of Chiang Rai, according to Xinhua, China's state news agency.

This journey along the Mekong marked "the trial launch of China's oil-shipping program with its Southeast Asian partners", Xinhua said. "Experts say the waterway will serve as an alternative to the Strait of Malacca as a route for oil shipping and help to ensure oil supply to Yunnan and southwest China at large."

About 75% of China's fuel supplies currently flow through the narrow, pirate-infested Strait of Malacca, positioned between peninsular Malaysia and the Indonesian island of Sumatra. On the strategic front, Beijing has repeatedly expressed its concerns that in a potential conflict US naval vessels could move to choke off Chinese fuel shipments through the waterway.

Map of the Mekong

The fate of the Mekong, which originates in Chinese territory, has long been a point of contention between China and Southeast Asia. China's plans to develop as many as a dozen hydroelectric dams along the upper reaches of the river have raised concerns and drawn criticism about the impact on downstream riparian communities in Southeast Asia. Beijing recently scaled back those plans, but the two dams already in operation have at times appeared to dry up the river in northern Thailand.



Map showing dams on the Mekong, 2002

The Mekong River was made accessible to large cargo ships only in 2004, when a series of rocky rapids in Laos were cleared by Chinese engineers. Since, there has been a growing trade along the river in mostly agricultural and manufactured goods, flowing mainly from southern China to northern Thailand. There have been concomitant concerns that the route has opened the way for human traffickers to move Chinese people more easily into Laos and Thailand and destinations outside the region.

Environmental groups first raised the alarm in 2004 when Beijing unveiled vague plans to use the new trade route for shipping oil. Those same groups expressed concerns in mid-2006 when China moved to secure an increase in the quota of oil it intends to move up the Mekong River. The initial agreement, signed last March by Myanmar, Laos, Thailand and China, permitted a monthly shipping quota of a mere 1,200 tons of refined oil.

Chinese cargo ships ply the Mekong

When the two Chinese ships made their landmark journey last month, Beijing had set its sights on transporting close to "70,000 tons of refined oil each year from Thailand alone via the Mekong River", Qiao Xinmin, a Chinese maritime-affairs official, was quoted as saying by Xinhua.

Muddying the waters

The shipment of oil on the Mekong has environmental groups up in arms. "The whole deal was done in secrecy with no information released to the public or attempts to get the people's views, especially those living along the Mekong River," said Premrudee Daoroung, co-director of the Towards Ecological Recovery

and Regional Alliance (TERRA), which is based in Bangkok. "This confirms who controls the Mekong."

With blueprints to dam the Mekong on the table, Beijing managed to win over Southeast Asian governments when it changed course and offered to deepen the Mekong by blasting rapids in Myanmar and Laos and open the way for large ships to navigate the river. "China led this effort and was the first to give the money for it, because it was going to be the main beneficiary," Premrudee said.

Environmentalists' fears of possible oil spills have been fed by the Chinese ships already plying the Chiang Rai-Yunnan route. "These cargo boats have been polluting the river, and that is upsetting people living along the banks," said Pianporn Deetes, campaigner for the Southeast Asia Rivers Network, based in Thailand's northern city of Chiang Mai.

Fishing the Mekong

The 4,880-kilometer Mekong River begins its journey on the Tibetan Plateau, snakes south through Yunnan province, and flows along the borders of Myanmar, Laos and Thailand before making its way through Cambodia and Vietnam and emptying into the South China Sea. An estimated 60 million people in Southeast Asia live along the Mekong's muddy banks and depend on it for food, transport and water.

Communities living along the river's lower basin in particular depend on it for its bountiful fish supply, according to the Mekong River Commission (MRC), an inter-governmental body comprising the lower-basin countries of Thailand, Laos, Vietnam and Cambodia. The annual fishery in the lower Mekong accounts for nearly 2% of "the total world catch and 20% of all fish caught from inland waters of the world", says the MRC, which is based in the Laotian capital Vientiane.

Significantly, China's decision to use the Mekong River as a new oil route comes as its demand for energy soars, with its total annual oil imports now estimated to have reached 140 million tons per year, according to available reports. Moreover, China's oil route along the Mekong River is one of two plans it unveiled in its bid to avoid the Strait of Malacca. Last April, China inked a deal with Myanmar to build an oil pipeline linking Myanmar's deep-water port of Sittwe to the Yunnan provincial capital Kunming.

One of the proposed routes for the pipeline begins at the Myanmar port in the Bay of Bengal, heading east through Arakan state to the Arakan Yoma mountain range, through the Magway and Mandalay divisions and then through Shan state before entering southern China. Chinese-funded energy deals have helped to prop up Myanmar's previously cash-strapped military regime financially and undermined US-led trade and investment sanctions.

The pipeline proposal has also raised concerns about a possible wave of new abuses as the military government moves to clear areas for construction inhabited mainly by various ethnic minority groups. "There will be a lot of forced relocation ... because the [pipeline] route goes through heavily populated areas," said Wong Aung, spokesman for the Shwe Gas Movement, a group fighting for the rights of the ethnic-Arakan community in Myanmar. "The Chinese don't care about environmental destruction in their need for oil."

This article originated at Inter Press Service with additional reporting by Asia Times. It was published at Asia Times on January 9, 2007 and at Japan Focus on January 20, 2007.

Created by Datamomentum