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**SOME ACHIEVEMENTS AND LIMITATIONS OF MEKONG-LANCANG
COOPERATION IN TWO KEY FIELDS: ECONOMIC DEVELOPMENT AND
WATER RESOURCE MANAGEMENT**

Ngô Thị Mỹ Duyên¹, Lê Quỳnh Song Minh

Sinh viên K62 – Logistics và quản lý chuỗi cung ứng

Trường Đại học Ngoại thương, Cơ sở II tại TP. HCM, Việt Nam

Nguyễn Phạm Hồng Yến, Nguyễn Cao Minh Nguyệt, Nguyễn Đình Phương Thảo

Sinh viên K62 – Quản trị kinh doanh quốc tế

Trường Đại học Ngoại thương, Cơ sở II tại TP. HCM, Việt Nam

Thái Văn Thơ

Giảng viên Cơ sở II

Trường Đại học Ngoại thương, Cơ sở II tại TP. HCM, Việt Nam

Abstract

At the intersection of South and Southeast Asia, the Mekong subregion is a region with enormous potential with vibrant economies and historical linkages. There are many cooperative mechanisms in this subregion with the view to support the sustainable growth of riparian countries along the Mekong River such as Greater Mekong Subregion (GMS), Mekong River Commission (MRC), and so on. The Mekong-Lancang collaboration (LMC) which will be profoundly investigated in this paper, has become a notable framework in recent years. This paper examines insights into some of the accomplishments and limitations of this mechanism focusing on two priority areas: economic exchange and trade, and water resource management based on the conceptual framework of minilateralism, sub-regional cooperation and international regimes. By combining historical research methods, logical methods, analysis and synthesis research methods to analyze official documents, meeting minutes, plans, proposals of the Mekong-Lancang Cooperation mechanism and published studies, articles, and speeches by domestic and foreign scholars, national politicians; this study contributes to clarifying the current situation of the Mekong-Lancang Cooperation mechanism. In

¹ Tác giả liên hệ, Email: k62.2313535006@ftu.edu.vn

addition, the study also provides recommendations to further promote the development of the Mekong-Lancang Cooperation mechanism towards equitable economic growth and sustainable water resources governance.

Keywords: Mekong-Lancang cooperation, economic trade and exchange, achievements, limitations, water resource management

MỘT SỐ THÀNH TỰU VÀ HẠN CHẾ CỦA HỢP TÁC MEKONG-LAN THƯƠNG TRONG HAI LĨNH VỰC: PHÁT TRIỂN KINH TẾ VÀ QUẢN LÝ TÀI NGUYÊN NƯỚC

Tóm tắt

Tiểu vùng sông Mê Kông nằm tại điểm giao giữa Nam Á và Đông Nam Á, là một khu vực có tiềm năng lớn với nền kinh tế năng động và các mối liên kết lịch sử. Với mục đích hỗ trợ tăng cường tính bền vững của các quốc gia ven sông dọc theo Sông Mê Kông, nhiều cơ chế hợp tác đã ra đời trong tiểu vùng này như Tiểu vùng sông Mê Kông mở rộng (GMS), Ủy hội sông Mê Kông (MRC), v.v. Trong đó, Hợp tác Mê Kông-Lancang (LMC) - một trong những cơ chế đáng chú ý nhất trong những năm gần đây sẽ được nghiên cứu một cách sâu sắc trong bài báo này. Bài báo này nghiên cứu về một số thành tựu và hạn chế của cơ chế này tập trung vào hai lĩnh vực ưu tiên: trao đổi kinh tế và thương mại, và quản lý tài nguyên nước, dựa trên cơ sở các khái niệm liên quan như hợp tác tiểu đa phương, hợp tác tiểu vùng và hợp tác nhóm quốc tế. Bằng cách sử dụng kết hợp phương pháp nghiên cứu lịch sử, phương pháp lô-gic cùng phương pháp nghiên cứu tổng hợp và phân tích các tài liệu chính thống, biên bản họp, kế hoạch, đề xuất của cơ chế hợp tác Mekong-Lan Thương và các nghiên cứu, bài báo, bài phát biểu đã được công bố của các học giả, chính trị gia trong và ngoài nước, nghiên cứu này cũng góp phần phân tích làm rõ thực trạng về cơ chế Hợp tác Mekong - Lan Thương. Ngoài ra, nghiên cứu cũng đưa ra các khuyến nghị để thúc đẩy phát triển hơn nữa cơ chế Hợp tác Mekong - Lan Thương nhằm hướng đến sự tăng trưởng kinh tế công bằng và quản trị tài nguyên nước bền vững.

Keywords: Hợp tác Mekong- Lancang, thành tựu, hạn chế, trao đổi kinh tế và thương mại, quản lý tài nguyên nguồn nước

1. Introduction

The Mekong sub-region is located at the junction between South Asia and Southeast Asia, bordering China and India; connecting the Indian Ocean with the Pacific Ocean and located at the gateway to the Strait of Malacca. This is a region with development potential, with dynamic economies and high demand for investment, trade, and infrastructure development. The countries of the Sub-region not only share the Mekong River but also have many similarities in culture, society and history. This is the foundation and basis for the natural formation of diverse and multi-dimensional relationships in the history of relations between countries in the Sub-region.

Over the past two decades, especially in recent years, cooperation in the Mekong River basin has become increasingly vibrant with many different mechanisms. There are about 15 cooperative mechanisms in the Mekong Region. Among them, the Mekong-Lancang Cooperation mechanism stands out. Although there have been many researches over the world have conducted analysis about LMC that focuses on specific topics such as water resources management and geopolitical issues; however, not many research articles fully explain the complex relationships of the region. First, our study evaluates, on a comprehensive basis, the achievements and shortcomings in other areas of

cooperation that have been undertaken concerning economic and trade exchange and water resource management. Moreover, this research will present an opportunity for the identification of more effective collaboration measures towards mitigating negative impacts and ensuring security within the space of their sustainable economic development. The content of the research paper is divided into 3 main sections. First, Theoretical Basis and Overview of Research on Mekong-Lancang Cooperation. Next, The Achievements and Limitations section assesses progress in economic integration, trade and water resources management while addressing some challenges. Finally, the Recommendations on Future Cooperation propose strategies to promote equitable growth, enhance governance, ensure sustainability and strengthen regional institutions, offering practical solutions for sustainable development in the region.

2. Theoretical Basis and Overview of Research on Mekong-Lancang Cooperation

2.1. The Theory of Minilateralism

“Minilateralism,” has been defined as “a form of multilateral cooperation where a small number of countries in a limited territorial and functional context work together to address specific issues” (Nguyen Vu Tung et al, 2020). According to Amalina Anuar and Nazia Hussain (2021), Minilateralism can come in several flavours, from regional-centred outfits (e.g. the Lower Mekong Initiative and Mekong-Lancang Cooperation Framework) to functional issue-based coalitions of the interested (e.g. Digital Nations) and identity-focused blocs of like-minded allies or partners (e.g. the Brazil-Russia-India-China-South Africa [BRICS] or Mexico-Indonesia-South Korea-Turkey-Australia [MIKTA] groupings). Therefore, The Mekong-Lancang Cooperation can be seen as a form of minilateralism, as it is a small group cooperation mechanism consisting of six Mekong riparian countries (China, Myanmar, Laos, Thailand, Cambodia, Vietnam), instead of a large multilateral organization like ASEAN or the United Nations. From a minilateral perspective, the LMC is a practical and adaptable instrument for collaboration that prioritizes institutionalization while maintaining member nations' interests.

2.2. The theory of Sub-regional cooperation

Regionalism refers to a political project, pushed toward by purposive actors, especially states, intent on realizing a region at the sub-global level (Gochhayat, A. (2014). In another study, regionalism was often analysed in terms of the degree of social cohesiveness (ethnicity, race, language, religion, culture, history, consciousness of a common heritage); economic cohesiveness (trade patterns, economic complementarities), political cohesiveness (regime type, ideology), and organizational cohesiveness (existence of formal regional institutions) (Prajeesh P.P., 2018). Sub-regional cooperation is developed from regionalism, emphasizing the importance of geographical proximity and similarity for cooperation and historical linkage (Le Vu Thai Hoang, 2021). As a result, LMC could be considered as a typical form of sub-regional cooperation because it focuses on a specific geographical area – the Mekong River basin, which is closely connected geographically, economically and culturally. In addition, this mechanism also emphasises on socio-economic development in the region in various areas such as water resources management, infrastructure connectivity, trade, agriculture, tourism and environmental protection.

2.3. The theory of International Regimes

According to the popular concept proposed by Krasner, international regimes is a process of multi-subject cooperation between a number of countries with common interests, sharing international values or customs, expressed through a system of principles, norms, laws, and procedures to handle a number of aspects and interests in relations between countries. However, an important feature of international group cooperation is its low and loose level of institutionalization since the international regime is characterized by its focus on finding opportunities for cooperation between international relations in a specific context, situation, and field (Moises, 2009).Through the aforementioned notions and model, the Mekong-Lancang Cooperation can also be analyzed as an international regime because this mechanism creates a common set of rules and norms among member countries that operates on the principles of equality, consensus, respect for sovereignty and mutual benefit.

2.4. Research methods

In the scientific research article on the topic **“Some achievements and limitations of Mekong-Lancang cooperation in two key fields: Economic development and Water resource management”**, our research group will use 3 main methods including: Historical research method, Logical research method and Analysis and synthesis method.

- *The historical research method:* is used in research paper to examine and present the development process of the Mekong - Lancang mechanism in chronological order, in their mutual influence in the scope of Mekong-Lancang Cooperation.

- *The logical research method:* is a method of using scientific arguments to examine, research, generalize, and explain historical events taking place during the timespan of Mekong-Lancang cooperation. From there, evaluate, draw conclusions, and point out several recommendations for the nature, inevitable trends, and laws of historical movement in the subregional cooperation.

- *Analysis and synthesis methods:* select and arrange data and information in written form such as conference meeting minutes, official documents and previous studies of researchers from Vietnam and other countries to give general assessments of the current situation, achievements and limitations of this cooperation program in two main areas: Economic development and Water resource management.

2.5. Research situation domestically and internationally on the Mekong-Lancang cooperation process

In Vietnam, there is limited literature on Lancang - Mekong Cooperation. The issues primarily discussed include the political and security cooperation among member countries (Phung Chi Kien et al, 2022). The available studies highlight Vietnam's achievements and its role in this cooperation, along with various security challenges: issues of border sovereignty, territorial disputes (such as border demarcation with Cambodia), water security, and the impacts of hydropower projects on the Mekong River. Additionally, the environmental cooperation and water security (Tran Xuan Hiep et al, 2023) and the implications of water resource exploitation on the Mekong River (Tran Nhon, 2019) are also researched by scholars in Vietnam. It underlines the importance of water security in the Mekong region, Vietnam's role and strategy as a downstream nation, and assesses the impact of hydropower projects on regional countries. Some sources discuss measures taken by the Mekong Delta to respond to upstream water usage on the Mekong (Nguyen Ngoc Tran, 2016). Vietnam

conducted the Mekong Delta Study (MDS) to evaluate the impacts of hydropower developments on the Mekong's mainstream. However, the process lacked rigor, underestimating the impacts of these projects, with five main weaknesses identified in the MDS: methodology, modeling, data, operation management, and lack of real-world comparison. The literature suggests some solutions for Vietnam; however, these largely depend on the broader international political and diplomatic environment, and any fluctuations in global politics may disrupt these efforts, affecting scientific cooperation initiatives.

While from the the international researchers' perspective, they mostly focused on primary areas such as water resources management (Ren Junlin et al, 2021; Wei Xing, 2017; Dongnan Li, 2019), environmental issues (Lei Zhang et al, 2020, Richard Grünwald et al, 2022; Jingrui Sun et al, 2022), social and cultural cooperation (Yuan Shuai Niu, 2020), geopolitical tensions (Wanjing Feng, 2021), motives and roles of China (Pongphisoot Busbarat, 2018; Sovinda Po, 2021; Richard Grünwald, 2020), etc. Within these issues, the problem that received the most concern of global researchers are environmental and water issues. Moreover, more than four regional initiatives namely the Greater Mekong Subregion (GMS), Mekong River Commissions (MRC), Lancang Mekong Cooperation (LMC) and Lower Mekong Initiative (LMI) have been operational in the Mekong region. Most papers mentioned the advantages and disadvantages of connectivity competition (Thearith Leng, 2019), but there were insufficient studies on the relationship between Mekong - Lancang Cooperation and other initiatives, and whether the others are complementary or competitive with Mekong - Lancang Cooperation. However, it should be noted that none of these international studies specifically analyzed the complex relationships of future development scenarios between priority fields under the sustainable framework and brought measures for each member state regarding current context, demand and also initial goal of Lancang - Mekong Cooperation. In specific, VietNam as the active and contributing member states, hopes to enhance its role in the region, yet these international studies on examining VietNam policies and visions are not available.

2.6. Some issues raised in the study of Mekong-Lancang cooperation

After reviewing the related studies in the aforementioned literature review, we have listed out several problems proposed by Vietnam and foreign researchers on the Mekong-Lancang mechanism.

2.3.1. Water Resource Management

Cooperation on water resources has been determined as one of the key priority areas in the Lancang-Mekong Cooperation Mechanism. It is vitally important to realize that discrepant riparian countries in LMC have different emphases in terms of utilization of river water: China and Laos emphasize hydro-power industry; Thailand and Vietnam emphasize the importance of water in agriculture; and Cambodia emphasizes the fishery industry. As an upstream country, China enjoys a geographical advantage that also leads to disputes over water exploitation with downstream countries, for China is endowed with more abundant water resources than the Mekong countries. Most researches point out that the series of river dams by China and some downstream countries which reduce flows, release fewer sediments, and block the migration route of fish in the Mekong River and its tributaries, are posing a significant challenge to the river ecology, its natural resources and living conditions of riparian residents (Chuong, N.A et al, 2023; Chan, S.K.L ,2022). Another difficulty which has been raised by Junlin, Ren Ziqian, Peng Xue, Pan in New transboundary water resources cooperation for Greater Mekong Subregion: the Lancang-Mekong Cooperation is establishing genuine mutual trust in the collaboration of transboundary water resources in the Lancang-Mekong

River. Lack of transparency and consultation has contributed to the ineffectiveness of the water resource governance in the Mekong-Lancang mechanism. Moreover, due to historical issues, some riparian countries are worried about China's rapid rise and risk of national security. Last but not least, hydropower projects in upstream regions of Mekong river have led to a significant decline in the agricultural income of the resettled households. Viet Nam is one of the downstream nations that is seriously affected by the inefficient water resource government in Mekong-Lancang cooperation. The change in water source has made the surface water of the Mekong Delta become scarce, and the arable land area is increasingly narrowed and less fertile. Food decline is increasing over time, making the Mekong Delta may no longer be the rice field of Vietnam and seriously affecting the food security of Vietnam (Thang, L, V, Thanh, N, H, Tuan, N, V., 2019). Furthermore, fresh water is likely to be degraded and become an increasingly pressing issue due to hydropower development on the Mekong mainstream (Thu, T, M & Ngan et al, 2020).

2.3.2. Economic and trade exchange

In terms of economic and trade exchange, downstream countries in Mekong-Lancang are advantageous under this mechanism as during the operating period of LMC, the Lancang-Mekong countries have witnessed a long-term investment boom from China, which owns a sizable amount of stock and investment in these nations. With the establishment of the China-ASEAN Free Trade Area in 2010, China and the Lancang-Mekong Countries entered a new era of zero tariffs, which allowed them to steadily increase their combined trade volume. However, there are also some problems arising from this mechanism in the field of economic and trade exchanges. First of all, the main problem in the current trade between China and the Mekong-Lancang countries is the unbalanced development of trade. In addition, these countries have a high degree of similarity in different segments of many sectors, and the products exported to the international market are largely identical, as well as overlapping export products, leading to a reduction in the comparative advantage of these countries in the regional economy. At the same time, the approval process of overseas investment projects is also lengthy and complicated, which delays the progress of overseas projects and sometimes the foreign exchange management policies of overseas investment do not meet the actual needs (Zhu, Wang et al, 2019). Another issue that has been raised by a Vietnamese researcher is the backlash from the region regarding China's recent 99-year lease of Sri Lanka's Hambantota port after the country was unable to maintain its debt payments. Concerns about "debt trap diplomacy" have spread throughout the subregion (Lan N, 2019). The Hambantota port, along with other projects funded by China, has raised questions about the economic rationale behind many of its lending projects, as many are now seen as both costly and worthless (Lan N, 2019).

3. Achievements and limitations of Mekong-Lancang Cooperation

3.1. Achievements of Mekong-Lancang Cooperation

The Mekong-Lancang cooperation mechanism has achieved many important results in recent times, contributing to building a peaceful, stable and sustainable Mekong region. Below are the outstanding achievements of the Mekong-Lancang in some important areas.

3.1.1. Water resources management

Protecting the Mekong River's water resources has always been a top priority, as it plays a particularly important and decisive role in the region's agriculture. Since its establishment, the MLC cooperation mechanism has held three Summits (every two years) and annual Foreign Ministers'

Meetings. In the field of water resources cooperation, the first Mekong-Lancang Water Resources Cooperation Ministerial Meeting was held in December 2019 in Beijing, China. At the first Mekong-Lancang Water Resources Cooperation Ministerial Meeting, the Mekong-Lancang Water Resources Cooperation Center signed a Cooperation Agreement with the Mekong River Commission Secretariat. This is the first cooperation agreement between the MLC and another cooperation mechanism. The agreement will help to make some key areas of cooperation such as data and information exchange, basin-wide monitoring, and joint assessment of water resources and related resources in the Mekong River more effective. In addition, since November 2020, China has shared annual hydrological data with downstream countries and the Mekong River Commission Secretariat on hourly water level and rainfall data at the Jinghong and Man'an hydrological stations.

Lancang-Mekong Water Resources Cooperation Center (LMC Water Center) was established in June 2017 in accordance with the Sanya Declaration of the 1st Lancang-Mekong Cooperation (LMC) Leaders' Meeting. The establishment of the LMC Center has also contributed to promoting effective cooperation in water resources management by enhancing cooperation among LMC countries in sustainable water resources management and utilization through activities such as the establishment of a center in China for Lancang-Mekong water resources cooperation to serve as a platform for LMC countries to strengthen comprehensive cooperation in technical exchanges, capacity building, drought and flood management, data and information sharing, conducting joint research and analysis related to Lancang-Mekong river resources (Sanya Declaration, March 2016). At the LMC Center, a Ministerial Meeting is held on a regular basis to discuss and make decisions on strategic issues related to Lancang-Mekong water resources cooperation. The water ministers attach great importance to LM water cooperation, providing high-level policy leadership to the top-level design of the cooperation. Key cooperation directions identified include: (i) information sharing and cross-border cooperation, (ii) flood and drought disaster management, (iii) improvement of people's livelihood, (iv) capacity building and joint research.

Over the past seven years, within the framework of the LMC water cooperation, more than 1,000 officials, experts and scholars have been involved in the activities. The Senior Water Talents programme for LMC Water Cooperation implemented by Hohai University in collaboration with the LMC Water Center since 2017, 162 scholars in total from the five Mekong countries awarded master degrees in water related subjects. Since 2017, the Chinese government provided around RMB 270 million for the implementation of around 50 water-related projects in the six member countries focusing on Water Resources Management, Water Supply, Water Infrastructure Development, Flood and Drought Management, Dam Safety, Information Sharing etc. Areas of experience sharing, data and information exchange, monitoring, joint assessment and joint research and study, knowledge management and associated capacity building relating to water and related resources development and management so as to jointly promote sustainable social and economic development of the Lancang-Mekong countries.

Vietnam has actively participated in promoting the establishment of the Mekong-Lancang Water Resources Cooperation Center; implementing the 5-year Action Plan for Mekong-Lancang Water Resources Cooperation (2018-2022); implementing the Annual Work Program; proposing priority projects; sending technical staff to participate in scientific seminars and training courses organized by China and experts to work short-term at the Center. Implementing the funding from the Mekong-Lancang Cooperation Special Fund, the Project "Strengthening the capacity to manage drought and floods in the Mekong Basin" proposed by the Ministry of Natural Resources and Environment has

been approved by China and is expected to be implemented in 2021.

3.1.2. Economic and trade exchange

In terms of trade, China has become the largest trading partner of Cambodia, Myanmar, Thailand and Vietnam, and the third largest trading partner of Laos. Two-way trade between China and the five Mekong countries in 2017 reached about 220 billion USD, up 16% compared to 2016. China's cumulative foreign direct investment in these five countries reached more than 42 billion USD, of which 2017 increased by more than 20%. It is worth noting that since the first summit, the number of new flights from China to these five countries has reached 330, and in 2017 the number of people traveling between the two sides reached 30 million (Li Keqiang, 2018).

On December 17, the Foreign Ministers of the six countries of the Mekong-Lancang Cooperation (MLC) organization emphasized the importance of an open world economy and maintaining a rules-based multilateral trading system with the World Trade Organization (WTO) at its core. In 2022, despite the impact of the COVID-19 pandemic, China's total trade turnover with the remaining five countries still reached 416.7 billion USD, up 5% over the same period in 2021. The above figures were announced at the opening ceremony of the 2023 Mekong-Lancang Cooperation (LMC) Week, which took place in Kunming (China) on March 23. China has served as the primary trading partner of Vietnam, Cambodia, Myanmar, Thailand for many consecutive years, and the second largest trading partner of Laos; Vietnam has become the fourth largest trading partner and China's largest trading partner in ASEAN. The construction of the China-Thailand railway is making steady progress, and the idea of developing a China-Laos-Thailand connection has been officially launched. Projects such as the China-Laos railway, the Phnom Penh-Sihanoukville (Cambodia) expressway, and the China-Vietnam intermodal railway... have further enhanced the level of connectivity in the region. On February 3, 2021, Laos launched a \$6 billion high-speed railway connecting to China, within the framework of the Belt and Road Initiative. The railway line, more than 1,000 km long, connects Kunming city, capital of Yunnan province, China, with Vientiane, the capital of Laos. The section running on Lao soil is 414 km long, connecting Vientiane with the border town of Boten. Bangkok Bank economist Burin Adulwattana said the Laos-China high-speed railway could be a “game changer” in the economic sector, saying the project would benefit both Beijing and Vientiane.

On December 25, 2023, at the Mekong - Lancang Cooperation Summit (LMC), leaders of 6 countries affirmed that the MLC mechanism contributes to promoting comprehensive cooperation to build a responsible community for the benefit of all common in the sub-region. Here, the Foreign Ministers of the six countries jointly evaluated the progress and positive advances in Mekong - Lancang cooperation and set out key tasks for the next stage. One of the achievements is the progress in cooperation in sustainable management of water resources of the Mekong - Lan Thuong River, including the implementation of an agreement between the six countries on sharing hydrological data and joint research on water resources. flood forecasting, natural disaster prevention and control. In addition, the countries committed to establishing the Mekong - Lan Thuong Tourism Cities Cooperation Alliance, the Mekong - Lan Thuong Aviation Development Cooperation Alliance and organizing a number of Mekong - Lan Thuong concerts to open Broaden and deepen cultural and people-to-people exchanges between countries, especially the younger generation of member countries. In addition, the Mekong - Lan Thuong Special Fund has supported member countries in implementing more than 700 small and medium-sized projects in many fields, such as trade, agriculture, tourism, water resource management, environment, and medicine health, hunger eradication, poverty reduction and women's empowerment.

One of the notable projects is the high-speed railway connecting Vietnam with Kunming (China). This project is within the framework of MLC cooperation, helping to strengthen transport connectivity, promote trade and tourism between the countries. According to the railway network planning, the Lao Cai - Hanoi - Hai Phong railway in Vietnam is about 380 km long, double track, 1,435 mm gauge. The project connects to Kunming (Yunnan province, China) at the starting point of Lao Cai. The Vietnamese Ministry of Transport is preparing a pre-feasibility study report for the project, with a total estimated investment of 11 billion USD. At a meeting with leaders of the China Railway Construction Corporation (CRCC) in Kunming city on November 6, 2024, Vietnamese Prime Minister Pham Minh Chinh said that the Government aims to start construction of the above railway line next year. He said this is one of the vital railway routes connecting Vietnam and China, contributing to the realization of the Belt and Road Initiative. "This project also helps Yunnan have a faster way to the sea, while the northern border provinces of Vietnam develop their socio-economy and reduce poverty" (VnExpress, 2024).

3.2. Limitations

3.2.1. Challenges in water management

Water management in the Mekong River faces significant limitations. First, countries in the basin have conflicting interests: upstream nations like China and Laos prioritize hydropower development, with major projects such as China's series of 8 dams on the Lancang River (the upper Mekong), constructed since the 1980s, and Laos' Xayaburi Dam, which has proceeded despite concerns from Cambodia and Vietnam. These projects have caused a 40-70% decline in migratory fish stocks by obstructing flows and reducing nutrient-rich sediment. Second, the power asymmetry in the region, with China as a dominant upstream power, allows it to leverage control over water as a political tool, such as by regulating flows without prior notice, resulting in floods or droughts downstream. Third, regional organizations like the Mekong River Commission (MRC) and the Greater Mekong Subregion Initiative (GMS) are ineffective: the MRC lacks binding authority over national policies, while the GMS focuses on economic development, promoting hydropower despite environmental risks. Lastly, the Lancang-Mekong Cooperation (LMC), led by China, primarily serves China's interests and fails to address core issues. As a result, communities living along the river, especially in Cambodia and Vietnam, suffer severe impacts, including the loss of fish – which constitutes up to 80% of their diet and income – and increasingly face water shortages, floods, and land erosion.

3.2.2. Limited scope of economic cooperation

Economic cooperation within the framework of Mekong-Lancang Cooperation (LMC) is facing several notable limitations. First, despite the proposal of numerous projects, the number of projects implemented remains low and has not achieved the expected effectiveness, indicating a lack of proper implementation and management. Second, the connectivity between countries and regions is still weak, making it difficult to coordinate and implement joint initiatives. Additionally, the geopolitical competition between the United States and China may impact economic cooperation, as countries must weigh the support they receive from one side or the other. Finally, the coordination mechanism between LMC and other organizations such as GMS and MRC has not been highly effective, resulting in overlapping activities and a lack of synchronization in development policies. These limitations highlight the need for reforms and new strategies to improve the effectiveness of economic cooperation, aiming for more sustainable development in the Mekong region.

A significant limitation of the LMC is its heavy reliance on Chinese investment for infrastructure

and development projects. According to reports, China has spent billions of USD funding initiatives under the LMC framework, including infrastructure development, water resource management, and cross-border trade. Between 2018 and 2022 alone, China committed to implementing 26 development measures through the LMC Five-Year Action Plan, although it did not disclose detailed investment figures. This lack of transparency has raised concerns about resource allocation and fairness among member states. While such funding is crucial for boosting connectivity and economic growth, it also raises alarm over the sovereignty and autonomy of smaller member states. For instance, China leverages its financial dominance to direct projects that serve its own interests, such as promoting cross-border trade and constructing infrastructure to connect with the Golden Triangle. This has left countries like Laos and Cambodia not only trapped in debt but also constrained in their economic and political strategic decisions, reducing their capacity to formulate independent policies. Furthermore, China uses the LMC to diminish the influence of other major powers, such as the US and Japan, in the region, thereby depriving Mekong countries of opportunities to access more diverse sources of support. This dependence risks turning smaller nations into "buffer zones" for China's strategic interests, ultimately undermining their sovereignty and role in shaping the region's future. This situation calls for Mekong countries to find ways to reduce their reliance on China and strengthen multilateral cooperation with other partners to safeguard their sovereignty and autonomy.

4. Recommendations

4.1. Water resources management

Effective water resources management in the Lancang-Mekong Basin is crucial for ensuring sustainable development not only for the communities that directly depend on the river but also for the ecosystems and economies across the region. The sustainability of the Lancang-Mekong Basin depends heavily on the collective efforts of the riparian countries to manage its resources effectively. Each country has different socio-economic needs and priorities, requiring the development of a common cooperation mechanism suitable to all of those conditions, to address shared challenges and optimize benefits.

4.1.1. Integrated water resources management framework

Because of the serious disagreement between the upstream nations managed by China and downstream nations managed by Mekong-Lancang, China should consider engaging in targeted collaboration with these nations in order to harmonize water usage across sectors such as agriculture, energy, domestic consumption, and ecosystem maintenance. The Lancang-Mekong Water Resources Cooperation Ministerial Meeting and the Lancang-Mekong Water Resources Cooperation Forum should be held regularly at fixed times to promptly resolve transboundary water issues, incorporate mechanisms for conflict resolution and cooperative governance. It is also crucial for the six member countries to increase their contributions in terms of personnel, technological expertise, financial support, and the allocation of available resources. The Vietnamese Government always attaches importance to the Mekong - Lancang Cooperation (MLC) and will continue joining hands with China and other Mekong countries to promote the strong, effective, and sustainable development of this cooperation mechanism, said Prime Minister Pham Minh Chinh. Vietnam as a member nation always places significant importance on the Mekong-Lancang Cooperation (MLC) and will continue to demonstrate its commitment to foster sustainable and effective collaboration within this framework.

4.1.2. Improvement of data - sharing and supervision

A crucial short-term recommendation for the MLC is to strengthen their collaboration to enable effective near real-time sharing of data on reservoir storage levels and hydropower operations across the Lancang-Mekong River Basin. For example, MLC should focus more on improving and providing strict supervision in updating monthly data and urgent changes in climate change through virtual platforms named The Lancang-Mekong Water Resources Cooperation Information Sharing Platform Website launched on November 30th, 2020, jointly by Minister E Jingping of Water Resources of China and six LMC member countries. This improved data exchange would support downstream communities in better preparing for and adapting to changes in water flow and resource availability.

4.2. Economic exchange and trade

4.2.1. Cross – border connectivity

The role of the Joint Working Group on Connectivity Cooperation of the Lancang-Mekong Cooperation (LMC) should be fully leveraged according to the Five-Year Plan of Action on Lancang-Mekong Cooperation (2023-2027). This plan should align with existing frameworks such as the MPAC 2025, the Belt and Road Initiative (BRI), and other sub-regional strategies to ensure a harmonized and strategic approach to connectivity. To achieve this, the Joint Working Group should prioritize the integration of physical and digital infrastructure projects that enhance cross-border trade and economic exchanges. For example, promoting cooperation in the planning and construction of essential infrastructure such as sea-land cables and communication networks to improve regional connectivity. By facilitating seamless digital connectivity, countries can better engage in e-commerce, foster innovation, and create a more interconnected regional economy which is an essential key in the knowledge era. Collaborative initiatives in such areas will further enhance the region's ability to attract investment, stimulate growth, and increase competitiveness on a global scale.

4.2.2. Financial cooperation

Given the growing focus on sustainability and climate change, the LMC countries should work together to develop innovative green financing mechanisms. This includes encouraging green bonds, sustainable investment funds, and other financial instruments that target climate-resilient projects in the region. Additionally, risk mitigation tools, such as insurance schemes and contingency funds, should be established to protect against the financial risks posed by natural disasters, climate change, and unforeseen economic shifts. This will help reduce reliance on external funding sources and ensure greater resilience in the face of economic or environmental challenges. While China's involvement in the Lancang-Mekong Basin, particularly through its Belt and Road Initiative (BRI), has significantly contributed to infrastructure development, concerns have been raised regarding its growing influence over riparian nations. The primary concern is the potential for debt dependency and the lack of transparency in financing arrangements. To mitigate these risks, it is essential for the member countries to adopt a collective, transparent approach to negotiations with external partners, including China. This can include establishing clear, standardized financial frameworks and ensuring that financing agreements are aligned with the countries' long-term development goals.

5. Conclusion

The Mekong-Lancang Cooperation (MLC) has achieved remarkable progress in fostering regional collaboration, particularly in water resource management, economic development, and agricultural cooperation. Moreover, initiatives such as the Lancang-Mekong Water Resources Cooperation Center and the sharing of hydrological data have enhanced sustainable resource use and disaster management. These achievements demonstrate the MLC's significant contributions to promoting stability and development in the region.

Despite these achievements, the MLC faces critical limitations. Power asymmetries, particularly China's dominant upstream position, create challenges for equitable water resource management and have contributed to environmental degradation and disruptions in downstream livelihoods. A lack of binding agreements and institutional frameworks weakens trust and cooperation among member nations. Additionally, reliance on Chinese investment raises concerns over financial transparency and the autonomy of smaller member states, while social challenges such as limited community engagement in development projects exacerbate tensions.

In order to address these challenges, MLC member countries must prioritize integrated water resource management that balances diverse socio-economic needs while protecting ecosystems. Besides, strengthening data-sharing mechanisms through platforms like the Lancang-Mekong Water Resources Cooperation Information Sharing Platform will enable better responses to changes in water flow and climate impacts. Moreover, enhancing cross-border connectivity under the Five-Year Plan of Action (2023-2027) and aligning with broader frameworks like MPAC 2025 and the Belt and Road Initiative can drive regional economic integration and innovation. These solutions will help transform the MLC into a more inclusive and effective framework, fostering sustainable development and shared prosperity for all member nations.

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