

Hearing statement

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“China’s Activities in Southeast Asia and the Implications for U.S. Interests”

Thank you for the opportunity to testify before this hearing on China’s activities in Southeast Asia and their implications for U.S. interests. I will address all of the questions that were posed in the invitation to testify, but I will preface my responses with some background and context to China’s current activities in the region and their implications for U.S. policy as well as U.S interests.

As in testimony that I gave on this issue at a hearing of the Senate Subcommittee on East Asia and the Pacific, we can better understand what is driving Chinese policy if we keep in mind at least two important factors that have influenced China’s approach. First, China is feeling its strength while it still feels the humiliation of the past aggrandizement of Imperial China by the western colonial powers, Russia, and Japan, who occupied and alienated Chinese territory. Even some of its comparatively weak South China Sea neighbors encroached on China’s position during the chaos of Mao’s Cultural Revolution, when Chinese attention was focused inward. Thus, China remains determined to redress what it sees as past injuries and reclaim what it views, rightly or wrongly, as its own. This includes the position it once held as the dominant power in what the world still calls the South China Sea. Not incidentally, Taiwan also makes most of the same claims, and on the same basis.

Second, much of China’s assertive behavior is a spillover effect of its rapid economic growth and increasing hunger for secure supplies of energy. China’s anxiety to sustain growth through the current global recession – which ultimately will require wrenching policy changes to generate more domestic growth – also seems to be a factor. It would be better for China and its neighbors and other trading partners if its leaders understood the working and ultimate efficiency of global markets and were not wedded to a mercantilist approach to locking up energy and other natural resources through long term contracts, but China is not alone in this competition.

China’s desire for regional and global influence commensurate with its rising power is normal and to be expected, and need not necessarily conflict with U.S. interests. On the whole, successive U.S. administrations as well as China’s neighbors have cautiously welcomed its economic rise and the bigger economies, including Japan especially, have

promoted important ties of investment and trade. Also for context, during the Cold War the United States tacitly accepted a nuclear armed China as an important strategic counterweight to the then Soviet Union. Since the collapse of the U.S.S.R. in 1991 the United States has sought Chinese cooperation on a number of fronts, most notably nuclear proliferation – to which China had long contributed, for instance, by supplying nuclear materials, technology, missiles and even bomb designs to Pakistan. China seems to have stopped its proliferation activities and now recognizes that it has a mutual interest with the United States and other Asia-Pacific countries in seeking to moderate the actions of its client state, North Korea. China's reluctant agreement to host the 6-Party Talks greatly encouraged U.S. hopes that Beijing would become a "responsible stakeholder."

In the past several years, however, the mood in the Executive Branch, the Congress and the American public has begun to change, partly in response to trade and currency issues, but also in response to China's increasing assertiveness in pursuing its geopolitical interests. China also appears somewhat less helpful regarding North Korea, a maddeningly recalcitrant client but still valuable buffer state. And lately, China has cracked down on dissidents, provoked a dispute that could cause Google to abandon the Chinese market, and hacked into U.S. government and private sector computer networks, apparently to gain access to high technology related to national security and challenging U.S. companies' valuable technology and intellectual property.

Especially in the South China Sea, China has become increasingly assertive – even provocative -- towards its neighbors in regard to maritime boundary issues. China appears to have decided to abandon the conciliatory stance that it adapted in mid-1995, when it realized that its clumsy effort to re-enforce its maritime territorial claims by occupying Mischief Reef in the Spratly island chain, had backfired by generating an unusual show of ASEAN solidarity.

The State Department and Defense Department are concerned about reports of pressure by China on U.S. multinational oil and gas companies not to drill in blocks offered by Vietnam, as well as the March 2009 harassment of the US Navy ship "Impeccable" in waters 75 miles South of Hainan Island. The crudeness of Chinese challenges suggests a concerted effort to change the established rules to China's advantage.

At the time of the Spratlys incident in 1995 the United States took no stand on the disputed claims and only called for the peaceful resolution of maritime territorial disputes and non-interference in the rights of free passage of warships in straits and exclusive economic zones. Now, the State and Defense departments as well as the U.S. Navy, which has long had strong influence on U.S. policy regarding maritime boundary disputes and freedom of navigation, have shown more concern over the substance of China's claim to nearly the whole South China Sea as "historical waters." A major concern is that this approach is not in accordance with the principles of the UN Convention on the Law of the Sea (UNCLOS). In March 2009 the contested sovereignty of the Paracel island chain flared up when China sent a "fishery patrol ship," which the Beijing News said was a converted warship into the open sea between the Spratlys and the Paracel island chain. China's seized the Paracels from the disintegrating former South Vietnamese government in 1974 in a bloody engagement.

Finally, another factor that indirectly may be affecting U.S. concerns about China's activities in Southeast Asia is the current strain in U.S.-Japan alliance relations over the Futenma base relocation plan, and the general shift in the Japanese political climate toward a more nationalistic and independent posture. What most if not all Southeast Asian governments want is for both the United States and Japan to pay more attention to the region and especially to increase their business investment and ODA.

Specific Responses to Questions

China's positions on sovereignty and maritime claims and how they impact regional and U.S. interests

Largely because China claims most of the South China Sea as "Historical Waters," it has a maritime territorial dispute with nearly every other littoral country. Most of these disputes, the parties to the conflict, the issues and historical context are shown in the chart that accompanies my written testimony. The historical waters claim has some limited validity under the 1982 UN Commission on the Law of the Sea (UNCLOS), but only under very narrow circumstances which generally are not applicable when more than one country is a claimant. Otherwise, the UNCLOS has a very clear set of principles for determining territorial waters and Exclusive Economic Zones, or EEZs.

The historical seas claim is most troublesome in regard to the open sea and China's claim to small islets as in the Spratlys and Paracels which are much nearer to the coasts of other claimants. By some accounts, acceptance of a so-called "nine dashed line" on a Chinese map, also called "U-Shaped Line" – which pushes China's claim deep into what normally would be the EEZs of Vietnam, Indonesia, and the Philippines – would give it 80 percent of the area of the South China Sea. This was the basis for the Philippines' strong objection to China's seizure and occupation of Mischief Reef in the Spratlys, since the reef is well within the former's claimed EEZ.

In some other areas, such as the Gulf of Tonkin, which is bounded by Vietnam and China's Guangxi Province, Liuzhou Peninsula, and Hainan Island, China is not the only country asserting a historical waters claim. Vietnam, in fact bases its claim in the Gulf of Tonkin partly as historical waters, which would give it a much larger share of the Gulf than under the normal UNCLOS rules, and also on the basis of a vertical line drawn by the French colonial power in the Sino-French Treaty of 1887. The median line between Hainan Island and the Vietnamese coast, which would be the usual way of adjudicating a claim under UNCLOS, would favor China in the Gulf itself, but not in other parts of the Vietnamese coastline.

Also, all of the littoral countries of the Gulf of Thailand – Malaysia, Thailand, Cambodia and Vietnam have disputes with one or more of the others. Malaysia and Thailand signed a joint development agreement for part of the disputed area, but other claims between them remain in dispute.

The territorial issues have become much more acute in recent years as the result of rising prices for oil and gas and the rapid depletion of wild fish stocks throughout the region.

Fisheries, which are an important source of protein in many Asian diets, are rapidly being degraded by overfishing, pollution and other causes, and prices are rising along with increasing scarcity.

The Chinese as well as their neighbors have increasingly used force or the threat of force to protect what they view as their own fishing grounds. This pattern also includes actions such as the seizure of fishing boats by countries other than China.

But in the end, China is much the more powerful country and its increasing muscle flexing over its maritime territorial disputes with Southeast Asian countries poses a growing problem for legitimate American and Southeast Asian interests, including freedom of navigation, access to rich undersea oil and gas deposits, and the cooperative and sustainable development of other seabed resources, fisheries, and estuaries. The consequences of China's behavior in the South China Sea in particular include threats to regional peace and stability, economic development, traditional subsistence livelihoods, and food security.

The current state of China's maritime disputes with Southeast Asian nations in the South China Sea and Gulf of Tonkin

There has been no progress towards resolving any of these disputes between China and its neighbors, though a few settlements have been reached by other claimants with each other. China has objected to agreements that involve waters that it also claims.

In fact, most of the territorial disputes have become more heated at this moment because the UNCLOS required countries to submit formal claims by May 13, 2009. Several countries have already lodged complaints about other countries' submissions. China, for instance, objected strongly to a joint submission by Malaysia (states on Borneo) and Vietnam and to a separate submission by Vietnam alone.

More important than the details of these disputes is China's increasing willingness to use force and threats to back up its claims. After the 1995 Spratlys incident ASEAN brokered an agreement by China and the other parties not to build any more structures on disputed reefs and atolls. In March 2002 ASEAN and China agreed not to use force to resolve the disputes and in November of that year the parties signed a Declaration on the Conduct of Parties in the South China Sea, which included not only an agreement not to use force but also to undertake confidence-building measures. Nothing much has come of these agreements. Beginning in 2005 the national oil companies of China, Vietnam and the Philippines have reportedly conducted jointly conducted seismic in waters that included the Spratlys, to what result I do not know.

China created further regional consternation in late 2007 when it established a new administrative center on Hainan with responsibility for managing the Paracels and Spratlys, and Macclessfield Bank. Also known as the Zhongsha Islands, its extensive atolls and shoals must be avoided by large ships but the area is a rich fishery. It is also claimed also claimed by the Philippines.

China's construction of hydropower dams on the mainstream of the Mekong River, their impact on Lower Mekong Countries, and potential nontraditional security threats (NTS) and their effect on the United States

There are few if any regions of the world where the adage “geography is destiny” is more apparent than in the Mekong River Basin. China, by far the largest and most powerful country in the region sits astride both the source and the part with the largest hydropower potential. China recently completed and has begun filling the fourth of a massive eight-dam at Xiaowan, southwest of Kunming, the provincial capital. The 292 meters-high Xiaowan Dam, the world's highest compound concrete arch dam, would tower 100 meters over the Hoover Dam, which is of a similar type.

Most importantly, the Xiaowan Dam's reservoir will hold 15 billion meters of water, enough to regulate the river for the benefit of China's hydropower production, water storage and to maintain navigation in the dry season, when the river is only inches deep in many places. China has begun to construct four other dams upstream of Xiaowan, including one with even larger storage capacity.

China has several goals in constructing a massive eight dam cascade in Yunnan. First, the Upper Mekong, which the Chinese call the Lancang, has nearly the energy potential of the Three Gorges Dam, heretofore China's largest construction project. China sees the exploitation of river's energy potential as the key to its “Go West” infrastructure development project, now Beijing's most expensive and highest priority national endeavor. Second, China wants to maximize the navigation potential of the river as far south as the Khone Falls, the only really large geographic obstacle between Yunnan and the Mekong Delta, where it disappears into the South China Sea. Third, despite growing recognition of the human and environmental cost of past infrastructure projects, China continues to suffer from a mind-set that is strongly biased towards harnessing nature for development. Fourth, China is determined to incorporating the natural resources of the Mekong Basin into its manufacturing supply chain expanding its political and economic influence.

China's military, economic development and geopolitical objectives of China pose the most important but by no means the only threat to human security and regional stability in the Mekong Basin. In varying degrees the former warring countries of Cambodia, Laos, Thailand and Vietnam also are pursuing short sighted, environmentally unsustainable development policies, in the cases of Laos and Cambodia, in conjunction with Chinese ambitions for regional economic integration.

The plans of Thailand, Laos and Cambodia to build up to 13 dams on the mainstream of the lower half of the river are, if anything, even more immediately threatening to the human and food security and livelihoods of tens of millions of people. Two dams in particular – Laos' Don Sahong project at the Khone Falls on its border with Cambodia and Cambodia's plan to build a 35 or more kilometers-wide dam across the Sambor Rapids, roughly equidistant between the Khone Falls to the north and its capital, Phnom Penh to the south.

These two dams, either alone or together, threaten critical migratory paths for 70 percent of the most commercially valuable species of wild fish. At Don Sahong, a Malaysian company, Mega First Corporation Berhad, has contracted with the Lao government to build a 240-360 megawatt dam on the Hou Sahong, the only one of 18 channels that allows unimpeded

year round spawning migration by hundreds of fish species that are worth as much as \$9 billion or more annually and which supply up to 80 percent of the animal protein of as many as 60 million people. A Chinese company has an agreement with the Government of Cambodia for the Sambor Dam project, which would create a total barrier to the spawning migration of many of the same fish species that transit the Hou Sahong channel at Khone Falls.

Time does not permit detailing the other dam projects in Laos and Cambodia, many of which are still on the drawing boards. Nor, is there time to walk you through the rather fascinating origin of these projects in an early Cold War Era scheme largely drawn up by the U.S. Army Corps of Engineers and the Bureau of Reclamation -- the folks who gave us the Tennessee Valley Authority (TVA), Hoover Dam, and the massive dams on the Columbia River. Much larger than the TVA, the massive Lower Mekong development scheme was the work of a U.S.-led multinational Mekong Committee organized loosely under UN auspices. The scheme even included a dam above the Sambor rapids that would completely cover the falls with locks to facilitate the navigation of Ocean going ships all the way from the South China Sea to the border of Laos and Yunnan. The project sought to protect the region against communism through development and also to enable the United States to extract important strategic minerals, which are there in abundance.

The main point of my mentioning this American led-scheme is to remind us that it isn't that long since the word environment was not part of our lexicon, and also to underscore China's continuing fascination with very large hydropower dams that have gone out of fashion in most of the world.

If completed as claimed, the mainstream dams in both the Upper Mekong in China and the Lower Mekong in Laos, Thailand and Cambodia will have an almost incalculable impact on human and food security and livelihoods in the whole Mekong Basin. These projects also pose a direct threat to the hard earned peace and stability of the Mekong Region and mainland Southeast Asia.

I would summarize these impacts as follows:

First, China's massive Yunnan cascade will allow China to regulate the river, mainly by holding enough water in reservoirs during the monsoon season floods to facilitate ship navigation and power generation by its own smaller dams through the dry season. It will also both facilitate and provide control over the viability of the Lower Mekong dams. In other words, the downstream countries dams cannot be operated during the several months when the river does not have enough water to turn the turbines. The downstream countries will have to depend on China to release a sufficient amount of water at the right time. China may never feel the need to turn off the tap, but it will operate the dams in accordance with its own power loads, water storage needs, and downstream navigation.

From an environmental and ecological perspective, putting 20 percent or more percent of water in the river during the dry season, as China intends, will create a major disruption

of the river's ecology and its enormous productivity of aquatic life which is based on seasonal extremes of wet and dry.

Second, the Chinese scheme will likely seriously disrupt the finely balanced interaction of the flood and drought with Cambodia's Tonle Sap Great Lake and the river of the same name which connects the lake to the Mekong mainstream at Phnom Penh. Each year the raging flood waters – known as the “flood pulse” -- causing the Tonle Sap River to reverse course west-ward. The rising flood waters turn the river and the Great Lake into a vast temporary wetland the size of Lake Superior, which becomes the nursery of billions of fish that have spawned upstream during the dry season and been carried down by the flood. When the flood eases the Great Lake flows back in to the mainstream over a period of three months, bringing with it a new generation of fish and giving the Mekong Delta enough water for a third rice crop.

Third, both the Chinese and Lower Mekong dams will seriously threaten the viability of the Mekong Delta, Vietnam's most important source of fish and its “rice bowl.” The dams will hold back the silt that rebuilds the Delta each year and keeps the South China Sea at bay. Already, smaller alterations of the river's flow in the Delta have created a major problem of seawater infiltration and land submersion. The upstream dams will alter the river's flow in still unpredictable ways, threatening the rice fields that produce 40 percent of Vietnam's output and possibly making some population centers inhabitable.

Finally, two threats less talked about are an earthquake that would rupture a Chinese dam in Yunnan, a seismically active region, or a rains of such magnitude that the sluice gates would have to be opened to save one of these large to mega-sized dams. In either case, the consequences downstream would be catastrophic.

One might well ask if the consequences are so dire, why would governments – especially in the Lower Mekong – push forward with these plans.

In the Lower Mekong, governments appear to be beguiled by the proposals, mainly by Chinese, Thai, and other foreign private and state owned development companies to construct “free” projects that will produce tax revenues and be turned over to the governments in 25 years. These offers are especially attractive to the governments of Laos, which seeks to become the “battery of Southeast Asia and to Cambodia, which likewise wants to export electricity and also badly needs electricity for industrial development.

Another major factor is that the Lao and Cambodian governments are not capable of carrying out comprehensive full cost-benefit analysis that reflects the true costs to the environmental and human security.

Unfortunately, the projects are being financed by Chinese, Thai and other foreign developers who care little about the cost side of the equation to the countries and their people. Thailand's Electrical Generating Authority has been the main financier of dams in Laos to produce power for the Thai grid. Some Chinese companies want to buy power from Laos and Burma, but others see these projects as simple commercial “build-own-operate-transfer (BOOT)” opportunities.

Less clear are the motives of Chinese state-owned banks and aid-giving agencies. Some see this all as emanating from Beijing, while others – including some respected Chinese academics – feel

that China's senior leaders are not aware of the huge potential for "blowback" if its state owned entities turn the Mekong into another version of the Yangtze or Yellow rivers.

The projects are so environmentally destructive that the World Bank and the Asian Development Bank could not finance them, and they will be extremely reluctant to put themselves in the position of being tainted by participation. Because the banks are not likely to stand by if fish stocks and livelihoods are devastated, they are at risk of ending up trying to help, thereby playing the role of the people who follow a parade of elephants with brooms and shovels!

So far, it would appear that the multilateral banks are reluctant to criticize the projects directly. Moreover, the ADB is building a regional power grid under its multibillion dollar Greater Mekong Subregion (GMS) cooperative development project. The grid is mainly oriented towards hydropower projects. The GMS, which includes China (Yunnan and Guangxi Zhuang Autonomous Region), Cambodia, Laos, Myanmar/Burma, Thailand, and Vietnam, is playing a major role in the physical integration of the region with Southwestern China. Because of opposition from China, which incidentally now holds the largest share of voting power on the ADB Board of Directors after Japan and the United States, the GMS does not include cooperation on the river that gives the region its name.

Southeast Asian Response?

It is difficult to identify any clear Southeast Asian response to either the South China Sea disputes or China's development plans for the Mekong River and those of some of its downstream neighbors. On the South China Sea, any collective response has been prevented by the fact that the involved countries also have disputes with each other – often over the same areas claimed by China – and because of the intimidating effect of China's superior military power and readiness to flex its muscles.

The Mekong situation is similar. Several countries have their own priority projects and ASEAN itself has shown almost no interest in the issue. On the other hand, Statements by Thailand's Prime Minister Abhisit Vejjajiva beginning last summer appear to presage a possible shift in Thai policy toward hydropower on the Mekong River. In a June 19, 2009 meeting with representatives of the Save the Mekong Coalition, a grouping of some twenty NGOs, Abhisit appeared to depart from Thailand's traditional policy of looking to the Mekong Basin for new sources of electrical power to meet growing demands for power and water. The prime minister told the delegation "that he will take up the issue of dam construction on the Mekong River for discussion at the bilateral, regional and international levels, whether with the Mekong River Commission, with Thailand's fellow ASEAN members, or with ASEAN's dialogue partners..." Significantly, while Prime Minister Abhisit emphasized that Thailand alone could not "agree or disagree" to projects proposed for an international river, he appeared to put down a marker that the construction of dams should take place only after "consultation ... based on data obtained from surveys that conform to international standards and are acceptable to all parties involved."

Prime Minister Abhisit brought this new perspective to a meeting in Hanoi with Vietnamese leaders on July 12. In a joint statement, Abhisit and Vietnamese Prime Minister Nguyen Tan Dung pledged to work with each other and other countries in the

Mekong basin to both tap and protect water resources of the Mekong River in order to protect legitimate and long-term rights of all downstream and upstream countries for the sake of common sustainable development in the sub-region". The meeting with the environmental advocates followed the initiation by Save the Mekong on June 18, 2009 of a world-wide campaign against hydropower dam construction on the Mekong mainstream, backed by thousands of supportive postcards from throughout the world.

The only institutional player is the Mekong River Commission (MRC) which was reconstituted in 1995 out of the long moribund Mekong Committee. The MRC is comprised of the four Lower Mekong countries, Cambodia, Laos, Thailand and Vietnam. China and Myanmar/Burma have accepted only observer status.

In theory the MRC exists to promote cooperative, sustainable and equitable water management, but it cannot really do that so long as the member countries are not willing to surrender even some of their sovereign rights.

That said, the MRC Secretariat does carry out important research on fisheries and other environmental and water management issues. Somewhat remarkably, given the record of his predecessors, the current CEO of the Commission, Jeremy Bird, has gained enough latitude from the member governments to take up the issue of mainstream dams and fisheries as part of the MRC's Basin Development Plan. Two well attended "regional stakeholder meetings" meetings in Vientiane, Laos, the MRC headquarters in September 2008 and in Chiang Rai, Thailand, this past October, have attempted to sensitize governmental decisionmakers and the public to the absolute incompatibility of mainstream dams and migratory fisheries. I attended both of these meetings as a member of a non-governmental organization.

One very interesting development was that China only sent a couple of officials to the 2008 meeting, who had no authority to engage in any give-and-take discussion of downstream complaints, but sent a sizeable delegation headed by a senior diplomat to the 2009 meeting. The delegation faced so much criticism from Lower Mekong and international NGOs, and representatives of civil society organizations that the leader acknowledged to the delegates at the end of the workshop that he had heard their message and would take it back to Beijing. What he reported and what may have registered remains unknown outside the Chinese government.

The air of secrecy surrounding China's Yunnan dams and most of the Lower Mekong dam proposals has created almost a complete absence of transparency. The Chinese provide little information on future construction and how the dams will be operated. On the Lower Mekong, Chinese, Thai and other countries' companies, both private and state-owned, are concluding deals with governments with a total absence even of simple coordination. Instead, the environment is one of uncoordinated and even chaotic competition. Also critically important, local communities remain woefully under informed as to projects that will have drastic impacts on their lives: from outright displacement and physical relocation to the decimation of fish populations.

How Should the U.S. Respond?

It has become increasingly obvious in recent months that policymakers in the Obama administration and many in Congress from both parties, as well as the Washington foreign and security policy community, have concluded that an unhealthy geopolitical shift is underway that seems to favor China, especially in Southeast Asia. On the one hand, the global economic and financial crisis still requires close engagement between Washington and Beijing, though narrower calculations than just the desire for harmonious relations will likely drive economic and financial policies in both countries. Likewise, we will continue to seek China's cooperation on the North Korean nuclear threat because we must, even though the results thus far have been disappointing to say the least. On the other hand, increasing repression of freedom of speech as evidenced in recent widespread arrests and trials of Chinese dissidents and the Google controversy are negatively affecting American and other perceptions of China's readiness to fully integrate into the new information-based global economy.

In Southeast Asia in particular, China's deepening involvement in recklessly destructive infrastructure projects such as the construction of hydropower dams on the mainstream of the Mekong River are creating anxiety and drawing the United States back into the region again after years of comparative neglect. Secretary of State Clinton's statement "We're back" to the ASEAN leaders in Phuket last July was clearly a response to concern that China's involvement in the region was potentially destabilizing, especially in the Mekong Basin and the South China Sea. In the latter case, American officials at the State Department and the Pentagon are concerned about the increasing behind-the-scenes tensions in China-Vietnam relations, both over China's Yunnan dams and proposed dam projects in Laos and Cambodia, which they fear pose a dire threat to the physical viability of the Mekong Delta.

Two Proposals

What the United States could or should do about these issues is a complicated question with no easy answers, since U.S. leverage in either the South China Sea or the Mekong River Basin is very limited.

Still, with regard to the South China Sea disputes, I believe that the U.S. should support or lead an international initiative to give non-littoral user countries and other "stakeholders" like the shipping, fishing, and oil and gas industries a role in engaging with China and Southeast Asian countries to promote cooperation and accepted rules of the road *without* resolving the underlying disputes. Many in Japan and elsewhere call for in effect "internationalizing" highly transited straits and shipping routes. Many other nations and private entities have a legitimate interest in promoting cooperative fisheries management, protecting coral reefs and participating. The initiative would be welcomed by most countries, including U.S. allies including Japan, Thailand, Australia and the Philippines, as well as other littoral states with shared concerns like Vietnam, Indonesia, Malaysia and Singapore.

The initiative could begin with a Track II or Track I and one half (with government officials participating in their own capacity based on their expertise). The meeting should be held somewhere in the region. A side benefit could be to put a new and positive item for bilateral cooperation on the agenda of the U.S.-Japan alliance, which is struggling with a lot of negative issues at the moment. Both countries could interact with their respective regional constituencies.

With regard to the Mekong hydropower issue, the Obama administration has already undertaken some positive steps like the Initialing of a Letter of Intent with the CEO of the MRC for a Mississippi-Mekong sister river partnership. Secretary of State Hillary Clinton brought that proposal to the annual ASEAN foreign ministers' meeting in Phuket last July as prime evidence of the intent of the Administration to reengage with Southeast Asia. The State Department has now re-named the proposal the Lower Mekong Initiative (LMI), and set up a working small group within Bureau of East Asia and the Pacific.

Interestingly, while Thailand the host government of the ASEAN meeting played a very positive role in organizing a meeting between Secretary of State Clinton and her counterparts from the four MRC countries, the other governments appeared to welcome this indication of U.S. interest. The LMI covers a number of areas of cooperation including the environment and climate change adaptation, health, education, and infrastructure, the latter is the area where the United States could make a positive contribution towards averting an environmental and socioeconomic disaster. Fortunately, the US has a lot to offer--especially in the areas of technology assistance, capacity-building and assistance to carrying out full-scope environmental and socioeconomic cost-benefit analysis.

I believe it is not too late to influence what happens on the Lower Mekong. If I may self-advertise a bit, Stimson recently completed a 9 minute video documentary that uses GIS data and software coupled with computer generated animation, along with more traditional documentary tools, to show the impacts on the environment, fisheries and people of the proposed Don Sahong and Sambor dam projects. These projects will also put more stress if not decimate endangered species like the Irrawaddy Fresh Water Dolphin and Giant Mekong Catfish, which are becoming import sources of environmental tourism dollars. A link to the video can be found on the Stimson Center's Southeast Asia Program website, at <http://www.stimson.org/pub.cfm?id=871>

If I may I would also like to submit for the record an article of mine in the December 2009-January 2010 issue of *Survival*, which is published by the International Institute of Strategic Studies (IISS) in London. The article, "Mekong Dams and the Perils of Peace" makes a fuller analysis than I can give here of the geostrategic consequences of China's Yunnan dam cascade.

Thank you very much for the opportunity to participate in this important hearing. I am prepared to answer any questions you may have and supply any follow-up information that would be helpful.

EAST ASIA MARITIME TERRITORIAL DISPUTES: CONTEXT AND PARTIES

Disputed Territory	Source of Conflict	Parties Involved	Historical Context
Chunxiao Oil Field	The estimated 1.6 trillion ft ³ natural gas field sits 3 miles west of the median line. Japan contends part of the resources originate from Japanese territory.	Japan, China	The dispute lies within the EEZ of China and Japan; however, the East China Sea is only 360 nautical miles wide, while the EEZ allows for 200 nautical miles of sovereignty for each country.
Senkaku/Diaoyutai Islands	Japan, China, and Taiwan claim that the island chain resides within their own territorial waters. The islands provide opportunities for natural resources exploration, as well as important international shipping lanes.	Japan, China, Taiwan	Taiwan and China contend the islands have been under Chinese sovereignty since the 15th Century. Japan claims the islands were allocated to Japan under treaties at the end of the first Sino-Japan war in 1895. China refutes the treaties as null and void and further claims any territory given to Japan was returned to China after WWII.
Chinese Naval Base on Hainan Island	China constructed a naval base on its Hainan Island. Southeast Asian countries fear the base will allow China to increase pressures on other territorial disputes. Japan is concerned about China's ability to dominate the busy shipping lanes. India fears China impeding Indian access to trade in Southeast Asia.	China, Japan, India, Southeast Asia	The South China Sea is surrounded by multiple countries. All have interests in the waterways as a passage for trade.

Disputed Territory	Source of Conflict	Parties Involved	Historical Context
Dokdo Rocks (aka Liancourt Rocks) in the Sea of Japan	Both Korea and Japan lay territorial claim to the two rocky islets, their surrounding rocks, and water. Currently, it is internationally considered that of Korea, as their naval base is stationed there, but Japan still registers Dokdo under Goka Village, Oki-gun, Shimane Prefecture and allows Japanese to declare themselves residents.	South Korea, Japan	Korean claims on the islets go back to 512 AD with supporting evidence found in following centuries, including that of Japanese records. However, in 1905 Japan lay claim to the islets during the registration of the Shimane Prefecture of Japan, a time that Korean protests were from a position of weakness with little opportunity for rebuttal. At the end of WWII the Allies renounced Japan's claim to the islets. Japan considers this null and void due to a 1952 Treaty but Korea's sovereignty is still recognized internationally.
Mischief Reef	Although only 130 miles away from Palawan, well inside the EEZ of the Philippines, China has built structures, claimed as shelter for fisherman, which actually more closely resemble military installations.	China, Philippines	In 1994 China built initial structures on stilts while the Philippines Navy was not patrolling due to monsoon season. The Philippines decision to avoid confrontation was partly based on previous Chinese infringements, including the Johnson South Reef Skirmish where 70 Vietnamese troops were killed despite the conflict taking place in Vietnamese territory.
Paracel Islands	The islands are almost equidistant from Chinese and Vietnamese territorial borders, but China recognizes itself as sovereign of the islands despite both Vietnamese and Taiwanese territorial claims.	Primarily China, Vietnam, Taiwan	A conflict between China and the former government of South Vietnam occurred in 1974. "The Battle of the Paracel Islands" resulted in casualties from both sides as well as sunk naval vessels. After the battle, China took responsibility for the islands; however, in 1976 Vietnam reclaimed the islands as a part of Vietnamese territory.
Spratley Islands	Oil reserves, commercial fishing, shipping lanes and extended continental shelf claims as to the United Nation Convention on the Laws of the Sea. Many nearby countries all have interests in making claims to the island's rich resources.	China, Taiwan, Philippines, Vietnam, Malaysia, Brunei	Although certain agreements and treaties have been made to quell conflict in the region, there are too many countries of interest to easily divide the spoils of the islands. Disputes have escalated and included fatalities. A 2002 declaration of conduct attempts to prevent open conflict between claimants.

In addition, Stimson has identified the following areas of interest that non-littoral parties have in the disputes:

EAST ASIAN MARITIME DISPUTES: INTERESTS OF NON-CLAIMANT STAKEHOLDERS

	Senkaku/Diaoyutai Islands	South China Sea
Free Passage	X	X
Shipping Lane Security	X	X
Oil and Gas Deposits	X	X
Fisheries		X
Coral Reefs and Carbon		X