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*The following are the major conclusions and initial recommendations from a series of workshops between the Stimson Center, IUCN, TNC, and University of California - Berkeley—the **Mekong Basin Connect (MBC)** team—and MARD, MOIT, MONRE, MPI, the Diplomatic Academy of Vietnam, and the National Assembly in Hanoi on June 27-30, 2017*

**1. Vietnam can and should take a pro-active role in upstream dam development**

- In international relations, Vietnam historically prioritizes absolute sovereignty and is reluctant to interfere in the domestic affairs of its neighbor.
- Vietnam believes that Laos is in a powerful position and can ignore Vietnam's legitimate concerns.
- Vietnam's current approach is reactive and defensive; it has not yet found an effective strategy for engaging Laos.

**2. In fact, Laos is in a relatively weak position**

- Laos has no hydropower development plan or production or revenue targets; hydropower development is almost entirely dictated by outsiders.
- Fewer and fewer MOUs for dams are now being signed in Laos: Thailand won't buy more power from Laos because it can buy from Myanmar, which has five times Laos' hydropower potential; China has a massive energy over-capacity and is seeking to export electricity; Cambodia is a small market and is already 80% self-sufficient.
- It isn't too late: less than one-third of 140 existing, planned, and proposed dams will be built in Laos by 2020.
- The argument isn't to stop building dams in Laos, but rather to be much more selective about which dams are built.

**3. Despite a tripling in projected energy demand by 2030, Vietnam's Power Development Plan (PDP) VII includes <1% hydropower imports from Laos**

- PDP VII reflects the traditional view that energy security and energy independence are synonymous.
- But energy independence is unattainable: Vietnam has been a net energy importer since 2015 and must import Lao hydro and/or Indonesian or Australian coal.
- Energy trading with Laos will reduce costs and increase resilience to climate and political shocks compared to importing coal.

**4. By substantially increasing power purchases from Laos (e.g., to the same level as Thailand), Vietnam can**

- Add conditions to ensure that dams that pose a significant threat to the Mekong Delta are not built.
- Reduce dependence on coal and help both Vietnam and Laos meet their Paris commitments as defined in their Intended Nationally Determined Contributions (INDCs).

**5. Price of renewable energy (RE) has fallen so fast that it will be competitive on price with hydro and coal (whose costs are rising) much faster than anticipated in PDP VII**

- RE can reduce the number of dams that need to be built.
- RE (dry season) and hydro (wet season) are complementary.
- RE in low demand periods can complement hydropower in high demand periods because in low demand periods RE can pump water upstream to increase reservoir storage.
- Major expansion of RE can support Vietnam's strong RE manufacturing sector (with domestic deployment likely to expand rapidly as government raises prices to more commercial levels).

**6. Tried and tested tools exist to optimize economic, environmental, and social outcomes from hydropower**

- Application of these tools would capitalize on Vietnam's strong spatial and hydrological modeling skills.
- But no institutional or planning framework exists in which regional hydropower planning can take place; MRC can't provide this framework.
- Vietnamese leadership on regional hydropower planning is therefore essential.

**7. Mekong is arguably equivalent to the East Sea as a national security issue and requires a national response involving government, National Assembly, business, and research centers**

- Need broad-based diplomatic and economic engagement to change the course of hydropower development in Laos and Cambodia.
- Business engagement is key because business is part of both the problem (Hoang Anh-Gia Lai on Xe Kong, firms benefiting from cheap electricity) and the solution (RE firms manufacturing in Vietnam).

**8. Next steps**

- Establish focal point in each ministry.
- Decide on leading ministry and establish inter-ministerial working group.
- MBC partners will now engage Lao government directly.

**9. Regional cooperation over international rivers is a strategic US government objective**

- International river cooperation is stated explicitly in the joint statement issued by Prime Minister Nguyen Xuan Phuc and President Trump in May 2017.
- US government agencies can support the refinement and implementation of this new strategy.
- But demand for assistance has to come from the Vietnamese government.

**LINKS**

Hydropower by Design: <https://global.nature.org/content/power-of-rivers>

Joint statement: <https://www.whitehouse.gov/the-press-office/2017/05/31/joint-statement-enhancing-comprehensive-partnership-between-united>

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