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Perceptions and practices of investment: China’s hydropower investments in Vietnam and Myanmar

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ABSTRACT

China is a major investor in hydropower in mainland Southeast Asia. These investments have triggered substantial public concern, with anti-Chinese attitudes intensifying across the region. Yet, Chinese involvement varies across the region. We examine the “practices and perceptions” of Chinese hydropower investment in Vietnam and Myanmar, attending to the framing of dominant explanations of these investments. We caution against reinforcing xenophobic narratives about China, and urge scholars to consider what these narratives obscure. Our concern is that exceptionalising the role of Chinese investors overlooks foundational issues regarding local participation and environmental governance.

RÉSUMÉ


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Introduction

In Southeast Asia a boom in dam construction is underway, with energy at the centre of concerns over climate change (Smits 2015). Indeed, with increasing demand for energy in China and other countries in the region, national governments consider hydropower a clean energy source that helps ease the effects of climate change. Even so, dams – particularly large ones – frequently impose high social and environmental costs and long-term economic trade-offs, due to lost fisheries and agricultural and forest land (Middleton, Garcia, and Foran 2009).
Chinese companies feature prominently in regional presentations of hydropower, reflecting a global trend as China’s hydropower industry expands overseas (McDonald, Bosshard, and Brewer 2009; Urban, Mohan, and Cook 2013). In mainland Southeast Asia, Chinese contractors, developers, financiers and regulators have been involved in over 100 hydropower projects, large and small, since 2000 (IR 2013). Alongside this expansion, China’s role in the business and politics of hydropower dam construction is increasingly scrutinised by civil society, academics and the media (Osborne 2006; Rutherford, Lazarus, and Kelley 2008; Bosshard 2009). Observers note that “China brings a different kind of investment package to the table” than other international investors such as the World Bank; a package “that does not have benchmarks of compliance with human rights, democratic ideals and environmental protection regulations, but is built on relationships and friendship” (Rutherford, Lazarus, and Kelley 2008, 3).

Our research began as an investigation of two “hot spots” for Chinese investment: Myanmar (Burma) and Vietnam. These are states with very different histories and local understandings of China’s role in infrastructural development and geopolitics, allowing us to analyse the “practices and perceptions” of such investment in two distinct contexts. Fieldwork in the first case focused on the proposed Hatgyi project, on the Thai–Myanmar border, with hydropower potential of up to 100,000 megawatts (MW). Hatgyi receives investment from both China and Thailand, and has been favourably received and presented to the public compared to “Chinese-only” investments such as the Myitsone dam project. In the second case, in Vietnam, we consider a number of Chinese hydropower investments, with identifiable impacts that also invoke political relations. We argue that considering these different national contexts provides nuance and understanding of the multi-faceted links to Chinese investment in the region.

Moreover, we flag our concern regarding breathless accounts of ecological crisis linked to China and Chinese investment in both Vietnam and Myanmar. Such explanations employ pervasive “developmentalist” discourses similar to what Bakker (1999) details in the Mekong region in the 1990s. In our cases the discourse exceptionalises foreign, Chinese investment as the point of contention, while normalising hydropower development as the assumed use for rivers. Indeed, the coverage of Chinese investment by the media and in advocacy circles was surprisingly similar across these two. As we show, anti-foreigner, “xenophobic” calls for the cancellation of “foreign” funding and exploitation are invoked in developmentalist discourses around hydropower development. The media, non-governmental organisations (NGO) and academic headlines are both breathless and familiar. “China Dams the World” (Bosshard 2009; Urban and Nordensvard 2014), “Vietnam Yields Cautionary Tale over Chinese Investment” (Financial Times blog 2014) or “Resentment of China Spreading in Myanmar” (Fuller 2014) are some examples. Accompanying images support the rhetoric (Horton 2013). Wherever Chinese investment in hydropower in Southeast Asia is discussed in the media, clichéd representations prevail, depicting China as a dominant, unrelenting “dragon” grabbing or sucking resources from the region. This is particularly important in the country cases we consider here, as anti-Chinese rhetoric is pervasive beyond the hydropower sector. By providing detailed information about the practices and perceptions of investment, as well as the narratives about impacts, our aim is to move beyond the conventional, superficial descriptors and to critically examine their use.
In relation to the theme of the special issue, this research is presented in the context of greater demands for hydropower and for hydropower projects by Chinese investors, and the complex tensions and conflicts that this has triggered and been shaped by. While this research did not set out to explore the nexus of climate change, land grabs and conflict, we argue that our findings can contribute empirical and conceptual insights to that frame. Climate change-centric studies of hydropower political dynamics are unlikely to capture much of the political dynamics in and around such megaprojects, but such complexities haunt climate change mitigation plans.

**Conceptual approach**

We take a critical political ecology approach to research on Chinese investment in hydropower development. This means that we not only try to capture practices and perceptions on the ground, we are also critical of the framing of dominant explanations about these investments.

Political ecology as an approach understands that power matters to decisions about ecologies and development; it works to reveal power relations and critically assess the ways that decision-making mobilises (and is mobilised by) particular political economic explanations that further certain interests and actors over others. As such, this analysis aims to contribute to work that is increasingly focused on investment and finance in global land and resource dispossession (Zoomers 2010; Keene et al. 2015). While recent work has relied upon the “rising powers” framework to understand the impacts of China’s emerging economy on other countries (Urban, Mohan, and Cook 2013; Urban, Mohan, and Cook 2013, 302), and the authors of this framework acknowledge the importance of power relations, we believe these relationships could be further highlighted and considered within their analysis. Also not considered are questions of what is at stake in the broader framing of Chinese investment. Taking a political ecology approach allows us to consider these relations and explanations front and centre.

One way that political ecologists have interrogated explanations of development is by considering not only how “naturalised” concepts in science and policy have been part of management codes and law but also how the entropy of acceptance of such concepts by diverse actors is a part of their power (Leach and Fairhead 2000). We take up such dissections of “explanation” in relation to hydropower development in Southeast Asia in at least three ways.

First, we build on work showing how powerful emergent discourses and narratives of water and rivers in Southeast Asia have supported “developmentalist” interventions in water resources, with implications for how we manage rivers for dam development. Bakker explains that the Mekong “is depicted not only as a natural link between the six riparian nations, but also as a naturalised river, underutilised and unproductively variable” (Bakker 1999, 219). Explanations of this river privilege intervention and more development, particularly hydropower development, over other forms of intervention or non-intervention, and the result of such large-scale projects are to alter the social relations of nature in river systems (Pye, Radjawali, and Julia 2017). Bakker further notes that this developmentalist discourse “operates as a ‘politics of forgetting’; in presupposing rational allocation, it ignores the politicisation of water, thereby obscuring questions of equity of access, of control over prioritisation of projects and of spatial and temporal...
scales of development” (Bakker 1999, 221). We argue that this normalisation and prioritisation of particular interests and actors can be seen in present-day narratives of Chinese investment in hydropower.

Bakker employed discourse analysis of Mekong developments, noting that dams and hydropower play an “emblematic role” in debates over water resources management, and for this reason “examination of hyrodevelopment can shed light on debates over environment and development more generally” (Bakker 1999, 228). More recent work on the politics of hydropower in Southeast Asia has continued to consider the discourses pervasive in hydropower development. In Vietnam, Dao and Bui (2015) identify the emergence of a “critical hydropower narrative” in the 1990s, as non-state actors start to question state-sanctioned narratives and developmentalist discourses of hydropower development, even under the government’s restrictions on expression. In Laos, Matthews (2012, 392) looks to Thailand’s role, noting, in a similar vein to Bakker, how “powerful state and private actors from within Thailand and Lao PDR mobilise power to control the benefits from hydropower while the social and environmental impacts are largely ignored”. As described in our methods section, in analysing media discourses around hydropower development, we draw on Bakker and this more recent work on the power and politics of hydropower in Southeast Asia.

A second point of political-ecology analysis is to link investments with governance, including the various actors and scales. We take our cue from Sneddon and Fox (2006), who show that transboundary water cooperation operates at particular scales, necessitating intervention or response with scale as the focus. They also note that conventional state-centric approaches “have very little to say about the multi-scalar, multi-actor character of water politics” (Sneddon and Fox 2006, 182). What we see in both Vietnam and Myanmar are diverse actors working at different scales (national, local, international) and through different scalar discourses, which can serve to silence certain actors. As Kiik (2016, 394) argues, to understand geopolitics of hydropower development, you need to look at a range of social actors, as non-state actors also help construct the geopolitics of hydropower. We aim to attend to these non-state actors by engaging with media, journalists and NGO interviewees. But also, we recognise the intersecting role of the Chinese state. As Hirsch shows, “shifting geopolitics” explain the pattern of hydropower developments in the Mekong, with the shifting position of the Chinese state regionally a key to the re-emergence of mainstream hydropower proposals and developments which are part of the rise of hydropower more generally (Hirsch 2011, 2016).

Third, we examine the accounts of ecological crisis linked to China in Vietnam and Myanmar. Aside from normalising hydropower development as the assumed path for rivers, these accounts mobilise what we see as anti-foreigner, “xenophobic” discourses. A study by Rutherford, Lazarus, and Kelley (2008, 3) on Chinese investment in the natural resources sector in Vietnam, Cambodia and Laos explains:

> The question of Chinese ethnicity is a complex and sensitive subject, with millions of people who were born and raised in the three lower Mekong countries claiming Chinese heritage. Vietnam, naturally, carries the collective memory of China as a historical colonial power.

For us, there is cause for concern over the way “Chinese investments” are pitted against domestic interests, and a negative light on China is naturalised, without putting these investments into a particular social and political context. However, some recent research
critiques “conventional” discourses around Chinese investment: Yeh (2016) and Kiik (2016) complicate straightforward narratives of “resource nationalism” to emphasise the historical legacies of China’s investment relations.

Thus, our study considers a wider range of actors than do conventional explanations and narratives of hydropower investment. Aside from the Chinese state and Chinese state-owned enterprises like Sinohydro, then, we consider the role of other national governments, an interested public and domestic media, and the implications of multiple actors for governance. This is important because it allows us to draw out differences between the two cases, and to assess both justifications and critiques of Chinese investment from a different perspective than that of previous researchers concerned with the broad picture of China’s engagement in the greater Mekong region. For instance, while Urban et al. (2013, 305) find that “most of [China’s] motives and impacts are consistent even when various countries and projects are compared”, we find that the specific context and case matters.

**Methods**

This study builds on our previous doctoral research on hydropower development and our work experience in the region. Additional fieldwork we conducted in 2014 began with semi-structured interviews to better understand the role of Chinese investors and investments in Myanmar and Vietnam, as well as perceptions of Chinese investment by those who are advocating for better governance and civil society participation in hydropower development, including NGO staff and the media. Added to this was participant observation of civil society network activities, facilitated by both researchers’ professional experience in NGO advocacy.

The first author, Lamb, carried out research in Myanmar and Thailand in March–April 2014, attending multiple forums on hydropower development and conducting semi-structured interviews with six journalists, including the *Myanmar Times* and *Bangkok Post*, and 15 NGO staff, including staff from International Rivers and Earth Rights International, who actively followed investments in hydropower. Research data from longer-term dissertation research was also used, particularly interviews with consultants for the Hatgyi dam environmental assessments and with local residents during project consultation meetings prior to 2014.

The second author, Dao, in May–July 2014, interviewed seven officials from Vietnam’s Ministry of Industry and Trade, Electricity of Vietnam (EVN) and the Company of Power Design and Investigation No 1, as well as two officials from the World Bank’s Energy Department in Vietnam and 11 representatives of NGOs. The second author also interviewed five journalists from newspapers such as *Thanhnien*, *Laodong*, *Tienphong* and *Dantri*.

To complement these interviews, we reviewed secondary literature and media articles. We compiled a database of over 100 recent newspaper articles (2012–2015). These included articles in English (*Bangkok Post, Myanmar Times, Vietnam News, Wall Street Journal, The Guardian*), Vietnamese (*Thanh Nien, Dantri, Vietnamnet, DatViet*) and Thai and Myanmar languages (not directly referenced in this article). We focused on coverage of Chinese investment to draw out themes (descriptive and thematic) relating to how Chinese investment is presented in media.
Below we present the two country studies, followed by discussion of the links and dissonances between “practices and perceptions” in the attention given to China’s investment in hydropower.

**Chinese investment in hydropower in Myanmar and its border**

In the context of overwhelming attention to the role of China in Myanmar, we first consider the overall picture of Chinese hydropower investment and then focus on the Hatgyi dam project near the Thai–Myanmar border (proposed but not currently under construction), in which China is but one investor in partnership with other nations. This allows us to distil how the anti-Chinese narrative functions, and how the spectre of the Chinese can be used to push projects forward by investors who position themselves as less threatening.

It has been clear to most observers that since 2010, when Myanmar held its first democratic elections in decades, the country has seen dramatic changes to its development landscape and to foreign direct investment (FDI). Even as progress in the country’s democratic transition is questioned, “the economic impacts are already visible in increased foreign direct investment” (Kattelus, Rahaman, and Varis 2014, 85). In 2011, the country attracted nearly USD20 billion, “more than [in] the previous twenty years combined” (Bissinger 2012, 24). In 2013, China’s FDI accounted for one-third of all FDI in Myanmar that year (Song 2013), maintaining “China’s long-held position as the biggest investor” (Mizzima 2013) despite Myanmar’s new availability (with the withdrawal of international sanctions) to a broader spectrum of state investors.

In assessing the overall picture of Chinese investment in Myanmar, we highlight three key points. The first point is that investments have not been evenly distributed across sectors, but focused mainly on just two: electrical power generation and extractives (Bissinger 2012; Dunn, Lin and Kui 2016). The last few years have solidified power as the top sector in Myanmar for FDI, and for China’s investments: there are 56 Chinese-backed projects proposed, under construction or recently completed (IR 2013), most of them located on the Irrawaddy and Salween rivers. The majority of the companies involved are state-owned Chinese enterprises (Dunn, Lin and Kui 2016). Dapice (2015) notes that these contracts were signed pre-2010, before Myanmar moved towards democratic elections. The Beijing-based Sinohydro, increasingly infamous for its role in the Three Gorges dam project and its dam-building spree in Africa and the Middle East, is linked to 17 Myanmar projects. As political analysis in China Bystander (2012) points out, although Sinohydro has projects in over 60 countries, more than one-eighth of them are located in Myanmar. This highlights the importance not only of China to Myanmar, but of Myanmar-located projects to Sinohydro.

Second, when we look more closely at China’s “dominance” in the power sector, both the overall amount of investment and the enormous scale of the individual projects are significant. Examples are the USD3.6 billion Myitsone hydropower project, proposed on the Irrawaddy in Kachin State; the USD6–8 billion Mong Ton dam in Shan State; and USD3 billion Hatgyi dam on the Salween River in Karen State. In the case of Mong Ton, Chinese developers were reported to have been hired because “only Chinese dam developers would be able to develop projects of such a scale” (Kirchherr, Charles, and Walton 2017, 8).
Third, serious concerns are being raised, through both ethnic and national networks in Myanmar (SawEhNa 2012; Mang and Yan 2013), about the relationship between these investments and human rights, the environment and accountability. China has even been linked to a flare-up of existing tensions around the Hatgyi (Aung 2016) and Myitsone dams, with Chinese investment receiving attention for “rekindling a 17-year cease-fire” in the case of Myitsone. While increased militarisation around development projects in Myanmar’s ethnic states is not necessarily limited to “Chinese” projects, some have speculated that an absence of safeguards and guidelines exacerbates the potential for conflict (Mang and Yan 2013).

The Myitsone project, proposed on the Irrawaddy River in Kachin State, is important to consider here. The multi-billion dollar hydro project was stalled in 2011, mainly due to broad-based resistance to the project, which was itself linked to anti-Chinese mobilisations across the country. This was a great success for the environmental movement, but in personal communication with local NGOs and journalists in 2014, some voiced concern about the way that the opposition was mobilised by nationalist, anti-foreigner ideologies and narratives. As this case continues to attract more attention, there are a number of scholars aiming to explain its failure and what it means for China’s investment in Myanmar. Kiik (2016, 294), for instance, argues that it was existing Kachin–Burman tensions (and related domestic oppression) that fuelled resistance to the Myitsone project, but that the mobilisations became bound up with anti-Chinese sentiments as they spread across the country.

Not just in Myitsone, but more broadly in Myanmar, mobilisations against foreign aid or investment in resource development seem to coalesce, at times, with xenophobic rhetoric. Some observers have gone so far as to claim “the population remains soaked in anti-Chinese racism” (Zarni 2013), or to link anti-Chinese discourses to the parallel rise of racism and xenophobic discourses, as seen in the anti-Rohingya movement and the 1982 Citizenship Law, which did not recognise Rohingya or ethnic Chinese minorities (Siddiqui 2015). In the case of natural resource development and hydropower, we identify that there has been a rise in anti-foreigner and anti-Chinese sentiments expressed across the country since at least 2010 (Horton 2013; Walker 2014; Parameswaran 2015; Wong 2016). These developments reached the New York Times; one headline reads “Resentment of China Spreading in Myanmar” (Fuller 2014). Discussions have focused on how Myanmar “has become a more difficult place for Chinese companies to operate” (Walker 2014); or, as Wong (2016) reports, in the increasing opposition to China’s role, even Myanmar’s business leaders are expressing concern that “Chinese companies last time didn’t care about our people’s vision”.

These public responses to Chinese investment in Myanmar have also focused on the flows of Chinese workers. The abovementioned New York Times article cites local residents’ complaints of “unacceptable behavior” by the Chinese company and its employees, and quotes one resident: “Chinese workers are strangers […] They don’t know our local customs. So we feel they are arrogant”. The project attracted concerns that “tensions have flared up among everyday Myanmar who believe their government is selling off the country’s natural resources to Chinese buyers without protecting the environment or local workers” (Spegele 2011).

The Hatgyi dam, proposed to be built near the Thai–Myanmar border, has been the subject of similar concerns about Chinese workers and the quality or standards of
Chinese investment, and these concerns are echoed on the ground. However, perceptions of Thailand’s investments in Hatgyi when compared with those of China’s are very different. Whereas China’s role has been implicated with “extraction” (Deboonme 2014; Kyaw and Su Phyo 2014) and Thailand has been portrayed as an actor focused on increasing regulation. We also note that Thailand is not far behind China, as the second-highest investor in Myanmar, with nearly USD10 billion (Khine 2008; Song 2013; Bangkok Post 2014). Moreover, Thailand has a long relationship with Myanmar, with social and historic ties, and claims to be the “better neighbor” (Khine 2008).

At present, although Sinohydro is the majority shareholder for the Hatgyi project, Thailand is seen as the “face” of the project. This perception has been held by Thai and Karen peoples along the Salween River who would be impacted by the project and reinforced both in consultations with local residents carried out by the Thai consultant team (SawYanNaing 2013) and in promises by Thai consultants and Electricity Generating Authority of Thailand (EGAT-i) staff to these residents in 2010-2011 (Lamb 2014a, 2014b). The project has also been described as a Thai project in the media, and the international arm of EGAT-i refers to itself as the “project manager”.

In our view, China was invoked in a curious way throughout the project consultation process in Thailand and Myanmar. At “information meetings” about the project in 2010-2011, China was discussed as an investor in the project, but mentioned only to highlight the preferred “Thai way”. In an interview with the first author, a member of the Thai consultant team explained that he did not necessarily support the Hatgyi dam project but that we [implies: Thai people] have to look forward to a scenario that if we don’t do it [build the dam], the ‘other’ country will do it. I can say that it’s not sure whether or not China will provide compensation such as school, hospital to Burma; we don’t know. If we do it, we control [environmental and social impacts] and control water levels; it takes money to do these things. So we also solve problems for the Thai side; ‘those people’ [villagers in Myanmar] will not have to flee here [to Thailand]. (Interview, May 2011)

Perceptions of China’s inferior ability to manage the project were reinforced during subsequent EGAT visits to affected areas. As reported in the Irrawaddy, “The EGAT delegation told the villagers that if Thailand doesn’t help build the dam China would step in to complete the project” (SawYanNaing 2013). It is evident here that even as China invests in this project, Thai investors have been relying on standard narratives and fears about China to push the project forward. Moreover, with Thailand as the “face” of Hatgyi, the project has received limited coverage and has avoided broad anti-Chinese mobilisation in both Myanmar and Thailand. While an analysis of resource development investments in Myanmar that simply focuses on the role of China would obscure the role of Thailand and of local and ethnic governments, our look at Hatgyi shows that the investor arrangements have allowed groups to mobilise anti-Chinese sentiments both to push the hydro project and to oppose it.

These concerns also raise the issue of China’s role in the governance of natural resources in Myanmar. Kirchherr, Charles, and Walton (2017, 6) explain that “impact mitigation in China is solely the responsibility of the provincial and district-level government, while in Myanmar the dam developer bears significant responsibility”. The difference between the strong state role for resource governance within China and the lack of such regulation
in Myanmar highlights a regulatory gap which a focus on “hungry” China alone can obfuscate. Such a focus distracts from the more fundamental concerns of a “host” country’s lack of participation in national energy development, and the default adoption of hydropower without considering alternative energy development that might be more appropriate to the state’s regulatory capacity. Complicating tensions further, many China-backed developments, including the Hatgyi dam, are at present destined for export.

**Chinese investment in hydropower in Vietnam**

While in Southeast Asia hydropower is typically discussed as a driver of transboundary cooperation, in Vietnam hydropower development plays an essential domestic role, particularly as linked to the country’s state-led development plans. Over the last two decades, more than 1,000 hydropower plants have been approved by the central government (MOIT 2013). While the Vietnamese state presents these projects as in the “national interest”, we note that concerns are increasingly expressed about the role of Chinese government and Chinese companies.

Vietnam continues to develop hydropower without substantive discussion of social and environmental costs. The Mekong’s pervasive “developmentalist” discourse (Bakker 1999), which naturalises hydropower (over other kinds of resource utilisation), has deprived civil society actors of information and opportunities to raise fundamental concerns over how these developments are decided and unfold. Many have linked this lack of discussion to the current situation, in which the government has increasingly accepted Chinese investments and equipment, without an assessment of the impacts for local residents.

Despite parallel increases in hydropower development and public concern regarding Chinese investments, there has been almost no systematic research on the effects of Chinese investment in hydropower in Vietnam. The data are scattered, often informal and sometimes contradictory, with the media playing the largest role in presenting information, even if it is limited. What we present here is an overview of current trends at the national level, drawing out how practices of investment relate to electricity trade, investment flows and labour. To end this section, we explore how narratives and explanations of hydropower workers from China who end up in Vietnam resonate with long-standing historical relations.

Since normalisation in the early 1990s, Vietnam’s cooperation with China has steadily increased through various sectors, including investment, trade, innovation and aid, with China’s aim for economic cooperation tightly linked to its trade ties and diplomatic policies, creating “interdependencies” (Urban, Mohan, and Cook 2013). Since 2005, China has been the top trading partner with Vietnam (Kuenzer et al. 2013, 566). Following this interdependency in trading and investing, Chinese institutions are able to exert enhanced influence on political, environmental and social practices in Vietnam. Yet, due to restrictions on civil society and media, we have not seen large-scale mobilisations around these issues, except in rarely sanctioned situations, such as protests linked to the South China Sea tensions (Banyan 2014; Mullen 2014) in 2014.

**Electricity trade, “difficult” investment flows and labour**

In this section we present key points related to electricity trade, tracking Chinese investment and the increase in Chinese migrant workers in Vietnam hydropower. China’s
motives for investing in hydropower are framed differently in Vietnam than in neighbouring countries or in Myanmar, as described above. This can be seen in relation to the electricity trade between Vietnam and China, which sees EVN, the largest state-owned utility in Vietnam – not China – taking the lead role in hydropower development. Vietnam purchases electricity from China (not the other way around, as planned or implemented in Myanmar, Laos and Cambodia) and the cost of electricity from China has received domestic attention. Prior to Vietnam’s hydropower “boom” of the past decade, when domestic power generation was still limited, the uneven historical relations between the two countries made negotiating the purchase difficult. Contracts were presented as economically and politically “necessary” (VNN 2014) and included provisions favourable to China, including penalties for Vietnam for failing to purchase the power from China as agreed. The purchase agreements contained other conditions as well: Vietnam agreed to continue to buy electricity from China at a certain rate, resulting in a higher price than that offered to Vietnam’s power producers. Recent documentation shows that EVN is buying electricity from domestic plants at just one-third of the price paid to Chinese providers (Baodatviet 2014).

It is not surprising, then, that public perceptions of China in Vietnam emphasise China’s favourable treatment in the energy sector, at the expense of domestic producers. Linked to those public concerns, the government has made regular public declarations about the quantity of electricity imported from China, and issued notices on days when “not a single kWh of Chinese-originated electricity was used” (TTN 2014). The contracts invoke “upstream/downstream” tensions, similar to what Kuenzer et al. (2013, 566) characterise as “mutual distrust”, along the Mekong river, growing out of a long history of conflict which extends beyond energy and hydropower development relations.

While many of the large hydropower projects in Vietnam may not on the surface be referred to as “Chinese” or receive direct Chinese investment, there are many ways that investors from China have been involved in expanding hydropower development in Vietnam. These include the involvement of Chinese companies in bidding on hydropower construction contracts and other work that is led by EVN. These projects can still be seen as EVN projects, but have equipment, construction and engineers from China. In interviews with EVN in June 2014, it was explained that this involvement is often “less visible” because the majority of the projects have a capacity below 30MW, a procurement category which is not tracked by the government. This makes documenting such investment difficult.

Even with these limits to information, in interviews we heard that Chinese involvement in this sector has steadily increased over the last two decades. Chinese investors are often involved in one among the three types of investment in hydropower: project design, construction or equipment provision. Interviewees from EVN in July 2014 estimated that Chinese companies provide up to 90 per cent of the equipment for hydropower for all projects across Vietnam. For most of the projects run by EVN, even though domestic companies are hired for design implementation and construction, equipment is provided by Chinese companies.

One reason for the increase in Chinese involvement in the sector is a 2003 decision (GoV 2003) to accelerate hydropower investment and construction, which set up favourable conditions for rapid investment in hydropower in Vietnam, and simultaneously made less information about hydropower development available even as the numbers of projects
increased. Interviews with officials in the Central Highlands in May 2013 indicated that this policy shift toward selecting contractors without an open bidding process created favourable conditions for cost distortion, favouritism and political influence. The policy has also been found to lower project cost-effectiveness and dam safety, and increase negative impacts on local communities and the environment (Dao and Bui 2015). Such issues around China’s investment in Vietnam hydropower are relevant to how this involvement is perceived by civil society. In an interview, one NGO staff member noted:

I think that the reason that the government keeps all the information related to Chinese investment was it did not want people to know much about this issue. People are already sick of the problems cause by hydropower development by EVN. If the people knew much about Chinese involvement on this matter, there would be large protests or social movements like [in] the case of South China Sea dispute. (Personal communication, June 2014)

The social and environmental impacts of these investments and the development projects they support are also important to consider. Highlighting such impacts in relation to broader Mekong River dam development, Kuenzer et al. (2013, 565) note: “It is not nations that are the winners or losers in the hydropower schemes in the Mekong, but rather parts of the riparian population”. Yet, standard assumptions around foreign investment in hydropower identify “local employees and workers” as “beneficiaries” of Chinese investments (Urban, Mohan, and Cook 2013, 317), assuming local job production. While such benefits are in line with the Vietnamese government’s views on hydropower as a tool to alleviate poverty, worldwide, according to the World Commission on Dams (WCD 2000), “there is little evidence that the local population in developing countries, especially the poor, are beneficiaries of dam developments”. Our review of information on employment and job creation in Vietnam’s hydropower sector supports the WCD assessment. We recognise that a large number of foreign workers do have local impacts, and that local residents are rarely the beneficiaries. At the same time, we are concerned about the xenophobic narratives that have been presented of Chinese workers in Vietnam. We discuss this next in order to rethink some of the “common sense” explanations for China’s investment in Vietnam hydropower.

**Who benefits? Workers from China in Vietnam’s hydropower landscape**

Tens of thousands of workers, with and without work permits, at all levels of skill, have entered Vietnam from China to work on projects for which Chinese investors won the construction bidding. Vietnam’s labour ministry reported in 2012 that approximately 33 per cent of over 77,000 foreign workers in Vietnam were working without permits (TNN 2013). The preference to hire Chinese nationals who are “more used to long hours of work” expected by Chinese managers is attracting similar attention (VNTD 2009; Banyan 2014; Mullen 2014). Company practices lead to discontent in communities which perceive that Chinese companies are not doing enough to increase local employment and strengthen the local economy. For instance, in Quang Nam Province in central Vietnam, a “Chinese village” was established by Chinese workers who came to work on the Za Hung and Song Kon 2 hydropower projects. In these two projects, Vietnamese workers were considered less competitive and in a “marginal position” right in in their own hometown. It was reported that the Vice Chairman of the District’s People Committee publicly stated his concerns:
Before the project started we asked the investor to give priority to local workers. They agreed and hired just a few local workers. Compared to the number of Chinese workers in these projects, the number of local workers is insignificant. (VNTD 2009)

While the presence of thousands of workers has caused concern for reasons stated by the Vice Chairman, it also warrants concern considering the Vietnamese government’s stated goals of “poverty alleviation” for local people. With government restrictions on information, media portrayals and reporting on undocumented migrant workers from China may be the only source of information about a given hydropower project. While important in terms of documenting the situation, our research found that this coverage can be downright xenophobic, emphasising and homogenising ethnicity or nationality over other details.

Anti-Chinese rhetoric has intensified since the May 2014 South China Sea protests, which saw thousands of Chinese workers flee the country (Banyan 2014; Mullen 2014). Yet, anti-Chinese narratives are also seen in earlier reports on the “Chinese village” (VNTD 2009), or the 2013 Thanhnien News article entitled “Chinese workers upsetting balance at central Vietnam commune”. The first lines of the article read, “Illegal Chinese workers at a hydropower plant project in central Vietnam’s Quang Nam Province have disturbed the peace by attacking local residents. One of the workers also abandoned his pregnant Vietnamese girlfriend” (TNN 2013). Such reports perpetuate a narrative that links “disturbance”, “attacks” and “abandonment” to “illegal Chinese workers”. While there may indeed be concern for both the Chinese and Vietnamese labourers working on hydropower construction, the moral judgements are reserved for the Chinese as a homogenous group. Moreover, no attention is given to the “illegal” workers’ precarious situations. In a recent construction accident at the Thuan Hoa hydropower site in northern Vietnam, which saw three workers dead and one injured, the focus was on the ethnicity of the workers rather than on the labour conditions (TNN 2015, TTN 2015). In fact, little is known about labour conditions at these sites, even in such exceptional situations. This makes us consider both what the focus on the Chinese worker accomplishes, and what else is being presented in such explanations about the “real problems” or impacts of hydropower development in Vietnam, particularly concerns about limited space for civil society participation in decision-making.

To address these issues, individuals and state institutions, including the Hanoi People’s Committee and the General Company of Construction No 1 (a state company under the Ministry of Construction), have suggested regulations preventing Chinese workers from entering Vietnam, to be implemented by the Ministry of Construction. Such regulation would prohibit foreign (namely, Chinese) bidders from being awarded more than 50 per cent of total project value and would introduce project monitoring (VNN 2012). While this may appear to be a pragmatic solution to address the “different kind of investment package that China brings to the table” (Rutherford, Lazarus, and Kelley 2008), the focus on “Chinese” or foreign contractors and bidders alone seems misguided. As revealed above, information about the role of China in hydropower projects less than 30 MW is not publicly available, and many Vietnamese companies and projects rely on workers from China. Even for hydro projects funded by the Asian Development Bank, Vietnam has relied on workers from China (Dantri 2013). In effect, this means that many of the projects relying on workers from China would not be improved by such regulation.
While there may be discontent and push for greater regulation, due to the lack of political space and the relationship between the two countries, the media have not actively covered such issues until recently, making analysis of the situation more difficult. However, there have been discussions that citizens are taking advantage of key moments – such as organising around the South China Sea tensions, to which the government appears sympathetic – to publicise either broader concerns or local tensions regarding Chinese investment in the country (Flannery 2014; Holt 2014).

In the following, we consider how the practices and portrayals of China in the two country cases affect how hydropower developments unfold.

**Discussion**

Our central concern is the impacts of increasing hydropower construction in the region, particularly as it is presented in the context of “green” energy and investment (Imhof and Lanza 2010). We examined the two hot spots of Vietnam and Myanmar that have seen upticks in hydropower development and planning with significant Chinese investments. These basins “are targeted for some of the most extensive water infrastructure development in the world, led by plans for a massive number of large-scale hydropower dams, rapid urban development and irrigation expansion” (Kattelus et al. 2015, 132). But, alongside this expansion, there is a knowledge gap in terms of the specifics of Chinese investments in hydropower and their impacts. We identify some of the ways that this investment has been situated in particular national and local contexts; specifically, a worrying trend in the use of anti-foreigner, anti-Chinese discourses and explanations to voice concerns about investments in hydropower. Similar to the developmentalist discourses identified by Bakker in the 1990s Mekong, present-day storylines normalise hydropower development, but they exceptionalise foreign Chinese investment in these developments.

In Myanmar, the scale of contemporary investments in hydropower has positioned China as a lead investor in the country. At the same time, after 2010 there is evidence that anti-China mobilisations are building momentum and investment is declining. In the case of the proposed Hatgyi dam, we showed that China is but one investor in partnership with other nations of Thailand and Myanmar, and that this has impacted the way the project has been received and presented to the public. Compared to “Chinese only” investments in Myanmar and Thailand, this project has received less attention. But, at the same time, the spectre of anti-Chinese sentiments are being mobilised to push the project forward as is. In naturalising hydropower development for rivers in Myanmar, this case invokes the developmentalist discourse of Mekong hydropower, but with an anti-China undertone.

In Vietnam, even as data on Chinese investment are scattered and difficult to trace, we see in the electricity trade with China a developmentalist discourse that deems energy contracts “necessary” but then exceptionalises the use of “Chinese energy” within domestic conversations around energy. We also show the impacts of Chinese investment on construction labour and the make-up of workers in Vietnam, and that both “Chinese workers” and electricity trade with China invoke longer-term political relations and tensions between the two countries. Rather than “common sense” explanations, analysis reveals the particular role of historical-political power relations between China and Vietnam, which mobilise concerns over favourable treatment for China. One of the
proposed solutions seeks to limit the foreign stake in projects, even as much of the flow of workers and contracts for under 30 MW goes unassessed.

While distinct, there are some similarities across the two contexts, including a lack of publicly available data on investments and contracts, and the involvement of many actors (not simply “China”) to produce hydropower projects for energy development in the region. A single project like Hatgyi is made possible with investments from multiple actors; it may receive technical assistance from the Asian Development Bank for the energy grid, while China may invest in particular equipment and Thailand provide environmental assessment expertise. The electricity generated from this project would be sold abroad. This example emphasises the multi-faceted nature of investments, which operate at multiple scales. Understanding this dynamic could improve national legislation and practice. We recognise that national legislation is limited in that hydropower development and investment involves shifting relations that work across scales and actors, but also that part of the work of national legislation could be to document these flows and make them more transparent.

We struggled with what the “anti-Chinese” rhetoric around workers, electricity, equipment and construction and FDI have in common. Not all these narratives are necessarily “anti-dam” or anti-development. In fact, for Hatgyi, the experts tasked with pushing the project forward also expressed anti-Chinese sentiments, even as they were benefitting from those investments. If it is meant as a way of expressing dissatisfaction with conventional hydropower development, this is unfortunate: by exceptionalising “China” as the problem, such explanations of why hydropower is undesirable do not get at questions of inequitable access and decision-making over the ways projects are prioritised or challenge conventional spatial and temporal scales of development (as per Bakker 1999). Instead, it appears that fear of China is being mobilised as part of a present-day developmentalist discourse that may question some types of foreign investment but, in general, naturalises hydropower development. This might be seen as the new component of the region’s emerging developmentalist discourse: a way of naturalising hydropower as the development of rivers for national progress, obscuring concerns regarding citizen or resident participation at the national, regional or even basin-wide levels.

What Kiik (2016) identified in the high-profile case of Myitsone was a comingling of different objections fitted under “anti-Chinese” sentiment. This also fits with perceptions of Hatgyi in Myanmar and in the case of investment in Vietnam hydropower. For Hatgyi, even as China’s Sinohydro remains an investor, we see anti-Chinese sentiments mobilised in both pushing the project forward and in objecting to it. In Vietnam, anti-Chinese mobilisations around the South China Sea issue create spaces for mobilisation in a climate in which media and civil society are more tightly restricted. In this context, we ask how this emphasis on “anti-Chinese” sentiment overlooks national actors and roles. We also ask how such an emphasis might further existing legacies and anti-Chinese discourses in the region, which is of particular concern for what we would term progressive movements and NGO campaigns. This is not to say that there are not legitimate concerns about hydropower and investment by China. There are certainly legitimate concerns and objections being expressed. Our contribution to these discussions is to flag the use of the Chinese straw man, and to instead push for substantial discussion around these investments which does not rely on xenophobic exceptionalisation or categorisation of investments.
Conclusion

This study of the practices and perceptions of Chinese investments in hydropower in two countries in mainland Southeast Asia provides an overview of investment in two particular contexts and sets of shifting power relations. Our assessment contrasts with the findings of previous researchers working to lay out the broad strokes of China’s engagement in the region. While Urban et al. (2013, 305) find that “most of their motives and impacts are consistent even when various countries and projects are compared”, we find that the specific context and case matters. There is a need to recognise differences across the region in order to better address country-specific concerns through country-specific governance opportunities.

Across the two contexts we saw increasing public expressions of anxieties, often in the form of anti-Chinese narratives playing on China’s historical, colonial relationships with mainland Southeast Asian countries, and emphasising China’s “dominance” and historically-situated power relations. We ask what such an innate focus on Chinese investment overlooks. Our concern is that focusing on the “new” role of Chinese investors overlooks more foundational concerns regarding participation, environmental governance and hydropower development, and also overlooks the role of Vietnam and Thailand, as national governments and private companies, in regional energy development. While there is hope that efforts to develop policies and guidelines to govern Chinese investment overseas will impact national policies abroad (Rutherford, Lazarus, and Kelley 2008), there is also a very important role for the laws and regulations of Southeast Asian states, in terms of establishing stronger legal and regulatory regimes and enforcing existing ones. While tacit government approval for anti-Chinese mobilisations in what are largely difficult contexts for environmental justice may allow for expression of additional concerns, it raises further concern for what is overlooked and possibly facilitated as a result of xenophobic mobilisations. We remain concerned that such reliance on anti-foreigner discourses will not produce more socially just policies or governance.

Notes

1. In our assessment of China’s investment, two caveats pertain throughout. First, we recognise that China is not a homogenous entity, although the data we present sometimes treat it as such; second, we do not make an argument for increased Chinese investment.
3. It is well established that Myanmar had a “xenophobia problem” before 2010. In a widely circulated opinion piece (Gecker 2008), Myanmar expert Sean Turnell was quoted explaining that the military leadership “is extraordinarily xenophobic. They are afraid of everything” (see also Lintner 2011). See also the portrayal of China in Thailand (Hodal 2012) and Vietnam (O’Flaherty 2011).
4. For example, power relations are only mentioned in only one section of Urban et al.’s (2013, 320–321) analysis.
7. While the Salween projects have both Chinese and Thai investment, China was the sole investor in the Myitsone project. Note also that “Tasang” was the previous name for the Mong Ton dam.


9. Since 2011, FDI in Myanmar has actually dropped (Gronholt-Pedersen 2013), and this has been linked to the stalling of the Myitsone project. While the removal of USD3.6 billion undoubtedly alters overall FDI statistics, because the Myanmar Investment Commission excludes from its data informal flows and some sensitive deals involving the military, the accuracy of the figures on Chinese investment may be questionable.

10. Matthews (2012, 392) writes that Thai investments in Laos are driven by “the structure and politics of the Thai electricity sector, private-sector profiteering and a strong domestic civil society”, and that, similar to our case, they are “enabled by Laos’ weak enforcement of laws, a lack of capacity to regulate development, the existence of corruption and a tightly controlled state”.

11. This is indeed a different kind of “case” than the project-focused case of Hatgyi dam in Myanmar presented above, as it is focused on the particular theme of the workers. There are two reasons for this: first, the author, Dao – a Vietnamese national – was unable to carry out project-level interviews with the intended project due to security issues; and second, the issue of Chinese workers is a robust thematic “case” meant to bring to light concerns about hydropower, which are not necessarily unique to Vietnam.

12. According to reports, upon completion of these hydropower projects the Chinese workers will be expected to move to other ones in the region.

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