



Shanghai Forum 2018 Perspective Highlights

ASEAN-China Energy and Resources Cooperation in the Diamond Decade

Session One

9:40-11:30, May 27

Chair:

**Shi Yuanhua: Director, Center for China's Relations with Neighboring Countries,
Fudan University**

Moderator:

**Suthiphand Chirathivat: Executive Director, ASEAN Studies Center,
Chulalongkorn University**

**Chaw Chaw Sein
Head of the
Department,
Department of
International
Relations, University
of Yangon**

Energy Cooperation: Risk or Rich Factor for Myanmar?

1. Situation of Myanmar energy: The sources of Myanmar energy come from onshore/offshore oil, natural gas, coal, renewable energy and biomass energy.
2. Cooperation with Neighboring countries, China, India and Thailand.
 - 1) China: Major factors that attract China are Economic growth, Energy needs of Yunnan province, Favorable location of Myanmar. On the other hand, China's involvement in Myanmar energy includes oil exploration, dam construction, and oil and gas transportation through pipeline.
 - 2) India: sharing border; cooperation programs.
 - 3) Thailand: most active.
3. Rich & risk factors.
 - 1) Rich factors: Capital, Employment, Technology, Market access, Improvement of management and capacity development, Greater inflows of investment which boosts national economy, Output and incomes, Job opportunities.
 - 2) Risk factors: Understanding from local community and companies, Environment, Energy resource nationalism of host countries, Cross-border pipelines may induce conflict of interests, Compensation of land use, Political relations with positive benefits but security threat.

**Yang Zewei
Professor, School of
Law, Wuhan
University**

Design of the Energy Community of China and Its Neighboring Countries: Legal Basis and Possible Approaches

1. Background and Significance of the Design of Energy Community of China and Its Neighboring Countries: an integral part of promoting the Community of Shared Future for Mankind; an important driver of the Belt and Road Initiative; advantageous to protecting energy security of China and to achieve the energy revolution
- Legal basis: 1) International Treaties including the Energy Charter Treaty, International Energy Charter, etc.; 2) Bilateral Agreements, for example, the Agreement on Cooperation between Chinese and Kazakh Governments in the Field of Oil and Natural Gas in 1997; 3) General Principles of Law,

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for example, the principle of good faith and good will; 4) Basic Principles which include Principle of Mutual Benefit, Complementary Principle, Principle of Equal Cooperation, Peaceful Settlement of International Dispute.

3. The Main Areas of Cooperation can be: 1) Guarantee the Safety of Energy Supply; 2) Protection of Energy Transport Safety; 3) Strengthen the Development and Utilization of New Energy; 4) Promote the Development of "Internet +" Intelligent Energy, the Establishment of International Cooperation Mechanism of Energy Internet; 5) Promote the Reform of International Energy Order.

4. Obstacles and prospects: 1) obstacles: The security environment surrounding China is not optimistic, meanwhile there are territorial and maritime rights disputes. What's more, there is a negative influence of American factors; 2) prospects: it can further utilize the existing international cooperation mechanism, enhance mutual trust and cultivate the consciousness of the energy community of China and its neighboring countries. In addition, China can adhere to the principle of gradual and orderly advance.

Danny Wong Tze Ken
Director, Institute of
China Studies,
University of Malaya

ASEAN-China Energy and Resources Cooperation: the Case of Malaysia

1. Analytical framework: Push-and-pull analysis. Push factors involve domestically embedded constraints such as overcapacity and increasing competition, and Policy initiative BRI helps to drive the production relocation. Pull factors involve: firstly, to take advantages of Malaysia's position as a way to avoid anti-dumping barriers; secondly, preferential measures taken by Malaysian government strongly attract Chinese investor in its energy sector.

2. Cases: China General Nuclear Power Corporation (CGN)'s Acquisition of Edra and LONGi Solar cases. The two cases show that state initiative works to drive Chinese investment into Malaysia at first stage, but market logics play an increasingly important role in establishing their long-term cooperation. State intervention could be a trigger or stimulus, paving the way at initial stage, but government assistance hardly extend beyond the stage when a company has started overseas operation; and this logic works non-differently on SOE and non-SOE.

3. China-ASEAN Cooperation in Energy Sector. The arrival of Chinese investment in Malaysian energy sector has helped the latter to upgrade technology capability, creating a synergy between China's BRI and Malaysia' national green planning, and even with ASEAN Energy Master Plan; Clearly, energy cooperation between China and Malaysia could function as a confidence-building measure that prepares the cooperation in other fields, and serve as a demonstration to other ASEAN states in formulation of a regional multi-lateral cooperative strategy.

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4. Challenges and Policy Implication. The new influx of Chinese investment has ushered in political challenges as some of the investment get involved into domestic political struggle. A better understanding of social, cultural and policy complex in host-site would be helpful in reducing political and investment risks, and making sure operations are truly beneficiary to host-country in long term.

Broto Wardoyo
Research Fellow ,
ASEAN Study Center,
Universitas Indonesia

China-ASEAN Energy Cooperation: An Indonesian Perspective

1. Problem statement: changing pattern of energy situation. the gap in oil energy resources at Indonesia has been negative since 2005. However, there has been a change in the pattern of energy situation (especially petroleum) in which Indonesia has moved from oil producer to oil consumer. Hence, there has been transformation from producer-consumer to consumer-consumer relationship—despite the fact that Indonesia is not among main Chinese oil (energy) providers.

2. Points of compatibility and recommendation. Transition from producer-consumer to consumer-consumer relationship requires adjustment in Indonesia-China energy cooperation. The nature of energy business which is closely related to political consideration would make G-to-G cooperation a good option, especially in the Southern World. Notice that there are compatibilities between Indonesia and China in investing to this part of the world.

DISCUSSION

1. Why Thailand's investment in Myanmar is most successful?

Reasons are similar culture, religion, mutually connected economy, adjacent territory, and the agreement between the two countries.

2. How to build the Energy Community of China and Its Neighboring Countries?

1) Institutional approach. Sign agreements and build the legal basis.

2) Step by step, like expanding the cooperation field from oil to energy network.

3) Lastly, cultivate the consciousness of energy community.

3. Can we replace Energy Community of China and Its Neighboring with Energy Community of Asia?

There are obstacles. Asia has diverse culture. So put the establishment of Energy Community of China and Its Neighboring countries will be easier and have bigger rate of success.

(Editor: Xu Qin, Ezra Zhenyun Qi)



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ASEAN-China Energy and Resources Cooperation

in the Diamond Decade

Session Two

13:10-14:40, May 27

Chair:

Shi Yuanhua: Director, Center for China's Relations with Neighboring Countries,
Fudan University

Moderator: Yang Zewei: Professor, School of Law, Wuhan University

Sary Meakh

**Professor, Institute of
Humanities and Social
Sciences, Royal
Academy of
Cambodia**

Lancang-Mekong Cooperation for Future Sustainable Development of Water Resources

1. The Mekong countries are facing development needs such as poverty reduction, agriculture development, and infrastructure improvement. They are also interested in promoting mutual trust and addressing water resource management in the region. Given China's interest in working with the downstream countries, the LMCM is a good opportunity to address these issues in a comprehensive manner.
2. However, to make the LMCM a true platform for mutual trust and prosperity, the Mekong countries must ensure the mechanism produces concrete and sustainable outcomes. This means the LMCM should be implemented through a gradual, multi-stakeholders approach. Southeast Asian countries should insist on promoting cooperation in sectors related to their national development priorities, including the water management issue.
3. There have been many other cooperation mechanisms developed in the region, the LMCM projects should be designed to complement rather than compete with existing projects to avoid overlap, maximize resource utilization, and prevent over-dependence on China.

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Zou Keyuan

Legal Thinking of Joint Development in the South China Sea

**Professor, Guanghua
Law School, Zhejiang
University**

1. The key elements of joint development: an arrangement between two countries; usually concerned with an overlapping boundary maritime area; can be used as a provisional arrangement pending the settlement of the boundary delimitation disputes; be designed to jointly develop the mineral resources in the disputed area or a defined area shared by two countries.
2. Remaining Concerns of joint development: 1) Joint development is mainly used as an interim measure pending the settlement of territorial and/or maritime disputes. Unless there is a solution, the dispute will be still there. 2) The increased energy consumption will definitely make the claimants to be more actively involved in oil and gas exploration and exploitation. This may cause more conflicts amongst the claimants if any of them conduct unilateral activities in the disputed maritime area. 3) Third party interest. 4) Consequences from the South China Sea Arbitration.
3. Conclusions: It is clear that joint development between two states in the areas with multiple claims causes problems. All countries concerned should discuss a regional cooperation framework for joint development in the South China Sea. Once a form of joint development has been reached, relatively long-term peace and security in the South China Sea can be definitely guaranteed, which may positively lead to the final settlement of the territorial and maritime disputes in the area.

Nguyen Huy Hoang
Director General,
Institute for Southeast
Asian Studies,
Vietnam Academy of
Social Sciences

Lancang - Mekong Cooperation and China – mainland Southeast Asia Connectivity

1. Significance of the LMC mechanism: LMC can be considered a new mechanism of cooperation, the first co-led and consultative cooperation mechanism by six countries along the basin of Lancang and Mekong rivers include China, Cambodia, Laos, Myanmar, Thailand and Vietnam. The LMC mechanism has established a “3+5” mechanism of cooperation. The LMC mechanism set a new platform for cooperation between China and mainland Southeast Asian countries.
2. Problems of LMC: 1) Lack of an efficient leadership in the beginning period of the cooperation mechanism. 2) Lack of overall planning. 3)

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There is not clear of how it connects and cooperates with GMS. 4) Existence of mistrust among member countries.

3. Impacts of LMC and CMSEAC on SEA: 1) It would increase and consolidate influence of China. 2) China would take over of Thailand's sub-regional leadership. 3) It makes ASEAN's divide widen. 4) It is a challenges to Mekong Commission which contains mainland SEA countries.

Hong Nong
Director, Research
Center for Oceans
Law and Policy,
National Institute of
South China Sea
Studies

Beyond Oil and Gas: Alternative Fields and Models of Joint Development in the South China Sea

1. One major obstacle: the lack of consensus on the precise geographic areas which would be subject to joint development.
2. Middle way: Start with arrangement with only two claimants.
3. Political will matters.
4. Alternative models and fields: Environmental security as a driving force of cooperation in the SCS. Fisheries cooperation as a start of SCS disputes resolution. UNCLOS as a framework for ocean governance in the SCS. Transformation of ways of thinking as a foundation to lead policy and research direction.

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Qi Huaigao

**Deputy Director,
Center for China's
Relations with
Neighboring
Countries, Fudan
University**

How the SCS Coastal States Can Successfully Carry out Joint Development?

1. The situation in the South China Sea (SCS) has been stable overall and moving in a positive direction since September 2016, which has built a friendly atmosphere for the SCS Coastal States to carry out joint development.
2. The European Coal and Steel Community (ECSC), launched by Belgium, France, West Germany, Italy, the Netherlands and Luxembourg after World War II, can bring enlightenment to the joint development in the South China Sea (SCS).
3. The ECSC's policies implications to the joint development in the SCS are including: Firstly, the bilateral joint development agreement can proceed in parallel with multilateral joint development arrangement in the SCS; Secondly, the joint development among the SCS coastal states can focus on the oil and gas resources; Thirdly, the SCS coastal states can set up a joint development management authority with supranational character, namely South China Sea Authority (SCSA); Lastly, the joint development in the SCS should contribute to the ambitious political and economic aims and the East Asian integration in the future.

DISCUSSION

1. Lessons learned from previous joint development practice;
2. Choice of joint development areas: low sensitivity;
3. Discussion on the cooperation on the Lancang-Mekong.

(Editor: Dong Yi, Liu Dongpeng)



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Session three

14:55-16:25, May 27

Chair:

Shi Yuanhua: Director, Center for China's Relations with Neighboring Countries, Fudan University

Moderator:

Chaw Chaw Sein: Head of the Department, Department of International Relations, University of Yangon

**Suthiphand
Chirathivat**

**Executive
Director , ASEAN
Studies Center,
Chulalongkorn
University**

Potential of ASEAN Power Market Integration and Its Progress

1. Energy demand will considerably increase, in line with the expected economic and population growth. Fossil fuels remain to be main sources, but national, regional to global efforts slow its growth while more RE sources are penetrating. Efforts to integrate energy market in ASEAN is gaining momentum to reflect new trends of efficiency, affordability, accessibility and sustainability, beyond the security perspective.
2. A fully consolidated regional market may not be achievable in the near future, however, there is room to work closely together to set common long-term goals, with mid-term target to be harmonized of grid codes and reliability standards.
3. An independent regional regulator (for instance, APGCC and HAPUA) should be established and given a mandate to look after common benefits and interests of the ASEAN member countries.

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Li Mingjiang

Associate

Professor , S.

Rajaratnam School

of International

Studies (RSIS),

Nanyang

Technological

University

China-ASEAN Cooperation: Enhancing Sub-National Governments' Role

1. BRI implementation to rely on sub-national governments, esp. in Asia. Local governments: facilitator, participant, booster, and even competitor. Local governments primarily motivated by economic interests.
2. Case study: Guangxi's BRI Blueprint
five webs: a web of ports, a web of highways, a web of railways, a web of aviation, a web of fibre cables. Maritime cooperation; Southward Corridor
3. Implications of regionalism and the prospect of BRI; Implications of geo-economics and geo-politics.

Bouadam

**Sengkhamkhoutlav
ong**

Director, Asia

Research Center,

National

University of Laos

Productive Cooperation Partnership between ASEAN and China

1. ASEAN-China Cooperation. (1) enhanced political-security dialogue and cooperation through various ASEAN plus One mechanisms; (2) China has been ASEAN's largest trading partner since 2009, while ASEAN is now China's third-largest trading partner. (3) blossoming of institutional mechanisms to facilitate a stronger relationship.
2. Laos-China Energy and mining cooperation. collaborating in hydropower investment with nine projects having reached their Commercial Operation Date (COD) and another 10 projects under construction. In mines cooperation, Chinese companies have invested in 52 projects carrying out exploration and processing, and feasibility studies are being conducted for 20 projects.
3. Conclusion and Recommendation. (1) strengthen links with other regional cooperation initiatives; (2) the ASEAN- China should maintain a peaceful and stable environment; (3) continue to enhance China-Lao DPR's long-standing mutually beneficial relationship.

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Jeremy Jammes	Energy, Time and Space in ASEAN: An Anthropological Perspective
Director, Institute of Asian Studies, Universiti Brunei Darussalam	<p>1. ASEAN Global Energy Contribution. 4.3% of total primary energy consumption; 5.4% of total primary energy production; 3.5% of CO2 emissions worldwide. ASEAN has limited contribution.</p> <p>2. The emission of CO2 should be discussed among ASEAN countries, which reflects people's consumption situation. The prospect of ASEAN's fossil fuel consumption gets more complicated, we need observe the relationship between resources use and human development.</p> <p>3. The Thermo-Industrial Revolution. ASEAN and the world has become energetically dependent, the genesis of the link between energy and human development should be considered. "Thermo-industrial Revolution" reflects the sealing of the relationship between energy and modern economic development. In ASEAN, there still be situation of coexistence of the Cold societies" and "hot societies".</p> <p>4. Consider the change of time and space and focus on future prospects. The way of energy flow and revolution has changed, we can understand it through anthropological way.</p>
DISCUSSION	<p>1. How can ASEAN's electricity market integrate better and how to achieve the balance between consumption and supply.</p> <p>2. The relationship between local governments and central governments, and the relationship between different local governments in BRI.</p>

(Editor: Dong Yi, Liu Dongpeng)