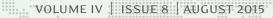
Global Economics Monthly

A RIVER RUNS THROUGH IT: U.S.-JAPAN ENVIRONMENTAL COOPERATION

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The Mekong River is often referred to as the lifeblood of Southeast Asia. It is where economics and environment come together in a region that is increasingly central to Asia's security and prosperity. Flowing through six countries, the Mekong is a source of food, rice production, and hydropower for over 60 million people. Yet it is also a river under stress due to exponential population growth and insatiable energy demands. This has made it a testing ground for an increasingly important new area of U.S.-Japanese cooperation: environmental policy and sustainable development.





Upcoming Events

- September 7: Labor Day (U.S.)
- September 14: Strait Talk: Taiwan's 2016
 Elections and the United States (CSIS)
- September 24–26: Euro Asia Economic Forum (Xi'an)

The environmental stakes are high in the Mekong region. There are seemingly endless conflicts over hydropower dam construction; climate change threatens to diminish the flood season that ensures profitable rice yields; and overfishing has the capacity to jeopardize a true moneymaker for the region. Failure to combat these issues actively will have untold consequences in both the medium and the long term for the river itself and for the economies of Southeast Asia. The annual production value of fisheries within the Mekong basin alone is enough to solidify an economic case for this region: on an annual basis, production from fisheries is valued at over \$5 billion per year. And at the same time, these fisheries make up an irreplaceable component of one of the most diverse river ecosystems in the world. In the Mekong region, it is impossible to separate the economic imperative from the environmental one, and both must be addressed together.

This summer, both Washington and Tokyo reaffirmed that environmental policy will be a centerpiece of each country's engagement with the Mekong region. U.S. policy toward the region is organized under the Lower Mekong Initiative (LMI), inaugurated by then—Secretary of State Hillary Clinton in 2009. The LMI allows the U.S. government to move beyond bilateral relationships and build a multilateral framework for engagement with five lower Mekong countries: Cambodia, Laos, Myanmar, Thailand, and Vietnam. The LMI was initially applauded in the region as a solid framework for comprehensive engagement with Southeast Asia, though criticism has grown that it has lost steam given a lack of actionable outcomes.

Earlier this month, Secretary of State John Kerry challenged those critics when he traveled to Kuala Lumpur for the ASEAN Regional Forum (ARF) and attended the 8th Lower Mekong Initiative meeting. Following this meeting, Secretary Kerry made a statement reiterating U.S. commitment to the LMI and the Mekong region writ large. In addition to sharing personal anecdotes from his time on the Mekong River as a young naval officer, Secretary Kerry highlighted progress already made through the LMI but called for further investment in infrastructure projects and continued environmental cooperation. His call for environmental cooperation had a particular focus on sustainable development of the Mekong River basin.

Kerry's statement came almost exactly a month after the 7th Mekong-Japan Summit hosted by Prime Minister Shinzo Abe in Tokyo. At the summit, Prime Minister Abe announced the "New Tokyo Strategy 2015 for Japan-Mekong Cooperation," which details the plan for Japan-Mekong relations through 2018. The strategy has four pillars: industrial infrastructure, human resource development, realization of a "Green Mekong," and coordination with other stakeholders in the region. Abe also pledged \$6.2 billion in official development assistance to the region, as

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part of the "quality growth" portion of Japan's recently updated Development Cooperation Charter.

When looking at these two statements side by side, one sees clear similarities between the U.S. and Japanese strategies toward the Mekong. Both highlight economic growth as the ultimate goal of cooperation and the importance of infrastructure investment. But each statement also acknowledges that sustainable economic growth can only be achieved in tandem with comprehensive environmental policy. This twohanded approach is the critical foundation of U.S.-Japan cooperation on environmental policy in the Mekong.

As discussed here last month, Asia's infrastructure needs are enormous. Many of these needs exist in Mekong countries. A significant share of the aid funds committed by the United States and Japan to the Mekong region this summer will be directed toward infrastructure projects. In May of this year, Prime Minister Abe himself announced a "quality infrastructure" push that pledged approximately \$110 billion in infrastructure investment. But this money comes within a broader framework of policy commitments, and with regard to the Mekong, those policy commitments include ones that declare sustainable environmental development as paramount.

The United States and Japan have a history of investing in and carrying out sound infrastructure projects that meet—and oftentimes set—the global standard for development. The two countries should sustain this practice of high standards in the Mekong region and match it with their commitment to environmental protection and sustainability.

Washington and Tokyo could enhance their work in the Mekong region through existing forums for bilateral cooperation on environmental policy. The two countries already have an Environmental Policy Dialogue (EPD) between the U.S. Environmental Protection Agency and the Ministry of Environment of Japan, which provides a valuable platform for institutionalizing cooperation on environmental issues. The most recent meeting under the dialogue took place in Tokyo earlier this month, but the Mekong region and water management were reportedly not discussed. This was a missed opportunity. The agenda for the EPD should be expanded at future meetings to explore ways to enhance bilateral cooperation in this important area.

Environmental policy is a tricky needle to thread: most countries can get on board with wanting to protect the environment, but actually doing it involves a significant amount of political will, cooperation, and patience. The U.S.-Japan bilateral relationship has the capacity to set the regional and global standard for cooperation in environmental policy, and the Mekong region is fertile ground to demonstrate this leadership. At a time when most attention in the "green" space is focused on the upcoming UN climate talks in Paris, Washington and Tokyo can show the tangible benefits of international cooperation in other areas of environmental policy.

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Simon Says...

The Mekong River is home to the world's largest inland fishery. Not only is it large by volume, but the sheer amount of biodiversity within the fishery is staggering. Experts claim that the river is home to at least 1,500 distinct fish species, and over 100 of those are used for commercial purposes throughout Southeast Asia.

It's tough to stand out in a crowd that large, but there is one fish in particular that has managed to do just that: the Mekong giant catfish. This exceptionally large breed of catfish is revered in Thailand and also worldwide.

Reportedly weighing up to 660 pounds, the Mekong giant catfish also holds an esteemed title in the Guinness book of world records as the largest freshwater fish.

Though it is illegal to fish for this giant water species in Thailand, Cambodia, and Laos, the population has continued to dwindle, and the Mekong giant catfish was placed on the "critically endangered" species list in 2003. Maintaining that world record should be incentive enough for the Mekong countries to work to preserve the river and the fisheries within it. •