



# Understanding the motivations behind the Myanmar-China energy pipeline: Multiple streams and energy politics in China



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## ARTICLE INFO

### Keywords:

Myanmar-China energy pipeline  
Multiple streams framework  
Energy politics

## ABSTRACT

Why exactly did China decide to construct the Myanmar-China energy pipeline? While important for China's long-term energy strategy, very few studies have yet analyzed the project from the standpoint of China's domestic policy process. This paper fills the gap by illuminating the broader historical context and presenting how this pipeline fits into energy politics in China. The policy-making process is fleshed out by using the multiple streams framework (MSF). Analysis of this case using MSF shows that, first, local governments and scholars played a key role in facilitating the project, especially in raising the proposal to the government agenda. Second, a "policy window" remains an important element in China's energy policy decisions, in light of the China-Myanmar pipeline idea was not taken seriously in the 1990s when it was first proposed. Third, although this cross-border energy project is part of a national strategy of energy security, domestic political considerations such as promoting investment in China's underdeveloped southwest were also at work. These conclusions are useful for understanding not only the motivations behind such transboundary pipeline projects but also China's energy decisions at large.

## 1. Introduction

In July 2013, test operation of the Myanmar-China gas pipeline began. This is China's fourth strategic energy route after the Kazakhstan-China crude oil pipeline, the Central Asia-China gas pipeline, and the Russia-China crude oil and natural gas pipelines. The Myanmar-China pipeline is important because it could help change the energy consumption mode of Southwest China and even facilitate the integration of China's energy market.

Scholars have studied the Myanmar-China energy pipeline from various perspectives. Some viewed the pipeline as part of China's larger national energy security strategy to avoid relying on the passage of cargo through the Malacca Strait (Cheng, 2004; Li, 2004; Lin, 2005; Wang, 2009; Wang, 2013); others saw it as a footnote to the Myanmar-China relationship, which was not only facilitated by but also reinforced the bilateral relationship (Kolås, 2007; Zhao, 2011; Cook, 2012); and, finally, some other scholars noted its potential geopolitical impact

on regional energy politics (Kulkarni and Nathan, 2016; Dai and Qin, 2015; Lin, 2012; Li, 2010; Sinha, 2009; Kolås, 2007; Lim, 2010; Odgaard and Delman, 2014).

Few researchers, however, have dug into the broader historical context and analyzed how this pipeline fit into China's internal energy politics when it was authorized. The aim of this paper, therefore, is to flesh out the pipeline's complicated journey from the perspective of policy process and examine the possible policy implications.

By examining the domestic politics involved with the pipeline projects, this study hopes to deepen our understanding of China's energy policy decision-making process which has been undergoing a transformation. For a long time, China's energy policy making authority was considered to be fragmented at both the horizontal and vertical levels. In the energy field specifically—though the same might be said about other policy sectors as well—China's decision making process has been described as protracted, disjointed, and

*Abbreviations:* bcm, billion cubic-meters; CASS, Chinese Academy of Social Sciences; CCP, the Chinese Communist Party; CNOOC, China National Offshore Oil Corporation; CNPC, China National Petroleum Corporation; COCOM, the Coordinating Committee for Multilateral Export Controls; CPPCC, the Chinese People's Political Consultative Conference; ESPO, East Siberia–Pacific Ocean; LNG, liquefied natural gas; MBI, Myanmar–Bangladesh–India; MSF, multiple streams framework; MT, million tons; NDRC, National Development and Reform Commission; NOCs, national oil companies; NPC, National People's Congress; Sinopec, China Petroleum and Chemical Corporation; tcf, trillion cubic-feet

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incremental (Lieberthal and Oksenberg, 1988). China's reform and opening up policy, and consequent pluralization, have made the decision-making process more consultative and participatory, yet at the same time more contentious, iterative, and lengthy as more stakeholders are now incorporated into the process (Lampton, 2001). Contending a “leadership vacuum” when it came to energy policy, Kong (2009) summarized some critical factors necessary for an energy proposal to become a national policy; this included factors such as, co-benefits for other issues, existence of strong proponents, and the endorsement of central leaders. As will be demonstrated later, some of these factors are also at work in the decision to approve the Myanmar-China energy pipeline.

Although it is usually debated whether China's energy policy is highly coordinated or just appears to be, the period after 2003 has seen China endeavor to centralize its energy policy, mainly due to the significant challenges it faced in energy shortages and environmental pollution (Garrison, 2009). As such, the nation's energy issues are now considered integrated with domestic economic growth and environmental governance. Moreover, domestic energy policy has now become more internationalized due to the inexorable rise of the nation's energy imports. Recent studies have discerned and discussed such “integration” and “internationalization” characteristics (see, e.g., Cao and Bluth, 2013; Odgaard and Delman, 2014; Tunsjø, 2013).

China is responding to such challenges. At the Central Leading Group on Financial and Economic Affairs (Zhongyang caijing lingdao xiaozu) in June 2014, President Xi Jinping called for a sweeping energy revolution in China which will center on five areas: demand (setting an energy consumption cap), production (diversification of energy sources), clean technology, reform in energy institution, and global markets. The exclusive focus on energy was considered to be unusual as such a group meeting typically deals with general macroeconomic issues (Wang, 2014).

Against such a backdrop, this paper seeks to explain how the same pipeline proposal that did not receive serious attention in the 1990s when it was first proposed suddenly found itself on the national policy agenda in 2004. To shed light on this question, this study proposes that the opening of a “policy window” can play a decisive role in China's energy decisions. When used in an analysis of the Multiple Streams Framework (MSF), the “policy window,” or the window of opportunity, as defined by Kingdon (1984), refers to those critical moments when the multiple streams couple and a policy alternative can make it on to the governmental agenda.

In this paper, borrowing the insights of MSF, we show how the “policy window” opened for the Myanmar-China pipeline project amid the flow of the multiple streams. Moreover, based on organization theory which acknowledges the “organized anarchies” and the concomitant ambiguity of the policy process, the MSF also helps us to understand the problem-solution matching process by indicating how policy-makers' attention is captured and how problems are framed in China.

The materials analyzed for this paper are primarily research papers and industry news reports. To complement these materials, we also conducted several interviews with relevant researchers in China and Myanmar from 2016 to 2017. Although we focus primarily on China's perspective, the positions and attitudes of the Myanmar side are also dealt with as necessary. The paper is organized as follows. After this introduction, Kingdon's “Multiple Streams Framework” is introduced in the second section. The next section explores the developments within the multiple streams related to the pipeline including the strategies of the relevant parties. Section four shows how the pipeline issue got onto the policy agenda by examining the “coupling” of the streams and the opening of the policy window in 2004. Section five introduces some technical information about the crude oil and natural gas pipeline. The final section is a discussion and conclusion.

## 2. Perspective: multiple streams framework

Agenda setting is the first stage in the policy process. The policy agenda is the list of issues or problems to which government officials or those who make policy decisions pay serious attention. To understand the mechanism of agenda setting, Kingdon proposed the multiple streams framework (Kingdon, 1984). MSF explains why a particular issue becomes part of the policy agenda. Drawing upon the insights of the “Garbage Can” model of organizational theory, Kingdon extended the research field to policy making at the national level and investigated how problems come to be policy issues.

According to Kingdon, three streams flow through the policy system: the problem stream, the policy stream and the political stream.

*The Problem stream* refers to the process an issue must go through to receive attention from policy decision makers. Society has many problems but not every problem makes it onto the policy agenda. Attention from policy makers depends on the perceptual and interpretive elements of the problem. Because policy makers' attention is limited, a problem must be defined and framed before it is brought to them. So then, what kinds of problems tend to attract the attention of policy makers?

First, a problem will be considered serious if it has systematic data or reliable indicators to announce its presence. Second, focusing events like disasters or crises can crystallize the need for policymakers to act. Finally, media attention and feedback from the operations of existing programs can serve to bring problems to the attention of policy makers.

*The Policy stream* refers to the selection process through which policy proposals are generated, debated, amended and adopted for serious consideration. From the “policy stream” perspective, there are many policy proposals, initiatives, and strategies floating around in the policy “primeval soup.” Proposals that actually survive are generally: (1) technically feasible, (2) compatible with the values of policy makers, (3) financially reasonable, and (4) appealing to the public.

*The Political stream* plays a crucial part in setting the policy agenda. Political factors can influence the policy agenda, examples include: (1) national mood, or public opinion, (2) changes in government or legislative institutions, and (3) the voices of advocacy groups. For instance, government will sometimes implement a certain policy if many interest groups voice their support for it.

Agenda-setting is primarily influenced by the political and problem streams, while policy alternatives come from the policy stream. While the three streams operate largely independently, they can also join together at a critical moment—when a “policy window” opens. A policy window generally opens when there is a change in the political stream or a problem emerges. Policy windows tend to open occasionally, and might not stay open very long. When these streams combine, the possibility that an issue will receive serious attention from policy-makers improves dramatically.

At the moment that the window opens or is seen to be about to open, successful policy entrepreneurs will seize the opportunity quickly and offer their solutions to receptive politicians. Policy entrepreneurs, both inside and outside government, are defined as people who are willing to invest resources of various kinds to promote their policy preferences (Kingdon, 1984: 151).

### *Applying MSF to China*

As a widely used model, the MSF has found its utilization in countries other than traditional democratic societies. It has been adapted to analyze policy cases in emerging countries such as China (Zhu, 2008), Burkina Faso (Ridde, 2009), and other regions.

Previous analysis of Chinese case has observed that the basic structure of MSF, namely, the coupling of the streams and the open of the window, is suitable for analyzing China's decision making; yet some modifications are necessary (Zhu, 2008; Zhang, 2016b).

Based on the characteristics of the Myanmar-China pipeline, this paper made the following modifications to the framework to accommodate the pipeline case. First, major adaptations were required in the

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