



# CAMBODIA-CHINA RELATIONS IN THE NEW DECADE

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**Note:** This article has been collected in the period from February to April. Due to the proofreading, editing and design process, some facts might be outdated.

The world is embarking on a new decade and one topic scholars around the world discuss is the future of China and its relations with other countries. Its influence in Cambodia has drastically increased over the last two decades, particularly when it comes to FDI and military cooperation. This too has led to tensions with the US but also arising resentments towards the Chinese in Cambodia. By observing this tendency, one key question is what kind of challenges might reveal over the next decade?

The relations between Cambodia and China dates back to at least the 13th century, and the diplomatic relations between the two countries were officially established on July 19, 1958. China's geopolitical interest in Cambodia has changed significantly after the end of the Cold War. It does retain considerable influence, including through close links with the former King Norodom Sihanouk, senior members of the Cambodian Government and the ethnic Chinese community in Cambodia. There are regular high-level exchanges between the two countries. China has provided substantial bilateral aid, and the economic links has since continued to grow.

Cambodia and China do enjoy a very strong political relations and military cooperation. In 2006, the two

countries agreed to raise their bilateral relations to a comprehensive partnership of cooperation and upgraded to a comprehensive strategic partnership in 2010. Moreover, the two countries also signed "Action Plan 2019-2023 on Building China-Cambodia Community of Shared Future" in April 2019. Under this action plan, the two countries committed to undertake 31 measures in the five domains of politics, security, economics, people-to-people relations, and multilateral cooperation. However, their relations may have been overshadowed by development agenda. Since the introduction of Belt and Road Initiative (BRI) in late 2013, China has played influential role in Cambodia in which development agenda has been used as a primary tool.

Cambodia has fully and actively engaged in China's BRI for the fact that economic development opportunities generated from this initiative are believed to be tremendous. Tangibly, by the end of 2017, more than 2,000 km of roads, seven large bridges, and a new container terminal at Phnom Penh Autonomous Port were constructed with the support from China. A new international airport in Siem Reap, Dara Sakor International Airport in Koh Kong province, and an international airport in Kandal province amounts to nearly 3 billion USD in approved airport projects. More interestingly, the 2 billion USD Phnom Penh-Sihanoukville Express-



Prime Minister Hun Sen arrives Beijing, China on Feb 5, 2020  
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A model of a Chinese-owned special economic zone in Sihanoukville  
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way Project has been constructed by the state-owned China Communications Construction Company. In the energy sector, more than 7.5 billion USD in hydropower plants and about 4 billion USD in coal power plants have been invested as well as some 30 agricultural and agro-industrial projects (of which 21 are in operation).

China is involved in constructing the Sihanoukville Special Economic Zone (SSEZ) which has attracted more than 100 companies from China and other countries with a total investment of more than 3 billion USD as of 2017 and created nearly 20,000 jobs for the local community. The SSEZ plans to have 300 factories by 2020. Moreover, Chinese investment in the textiles and clothing industries also contributes significantly to Cambodia's socio-economic development by creating job opportunities for almost one million Cambodian workers.

According to statistics released by the Council for the Development of Cambodia (CDC), of the cumulative foreign direct investment (FDI) approved in the period of 1994-2019, the largest share was from China (21.81 percent), which in the early years was the source of extensive investment in the field of infrastructure, energy, resource development including rubber, and

tourism. In 2019, investment approval recorded 9.40 billion USD among which China invested 2.75 billion USD. China also vowed to push bilateral trade to 10 billion USD by 2023 and encouraged more Chinese investment flow to Cambodia.

By 2017, Cambodia had received approximately 4.2 billion USD in Official Development Assistance (ODA) from China in the form of grants and soft loans. This ODA has targeted physical infrastructure, agriculture, health and education. China is also the main source of Cambodia's public external debt. By the end of 2017, Cambodia's public external debt was 9.6 billion USD in which around 42 percent was owed to China. China also pledged 600 million USD in grants to Cambodia from 2019 to 2021.

In terms of the tourism sector, 15 airline companies are operating regularly between Cambodia and China. In the first nine months of 2019, Cambodia has received approximately 1.8 million Chinese tourists, and is expected to exceed 2 million by 2020. However, due to the COVID-19 outbreak, the number of Chinese tourists in the first two months of 2020 has drastically decreased.



*Cambodia has good relations with China including on political, security and economic relations.*

In the educational sector, from 2004 to 2017, China offered more than 1,000 scholarships to Cambodian students to pursue their education in China, and more than 700 fellowships for short-term training. Several other exchange programs have been conducted among government officials, media, youth, and academics with the funding support from the Chinese government.

On 5 February 2020, Cambodian PM Hun Sen made a surprise and overnight-planned visit to Beijing amid the coronavirus outbreak in the country. In fact, PM Hun Sen originally wanted to visit Wuhan, the now-quarantined epicenter of the novel strain. PM Hun Sen told Chinese President Xi Jinping that he had decided to make a special visit to China with an aim to showcase Cambodia's support to China in the fight against the outbreak of the epidemic. President Xi told PM Hun Sen in their meeting that a friend in need is a friend indeed as the Cambodian people stand with the Chinese people during this critical moment. During the meeting, both sides agreed to continue high-level exchanges into 2020 and to uplift China-Cambodia relations to new heights.

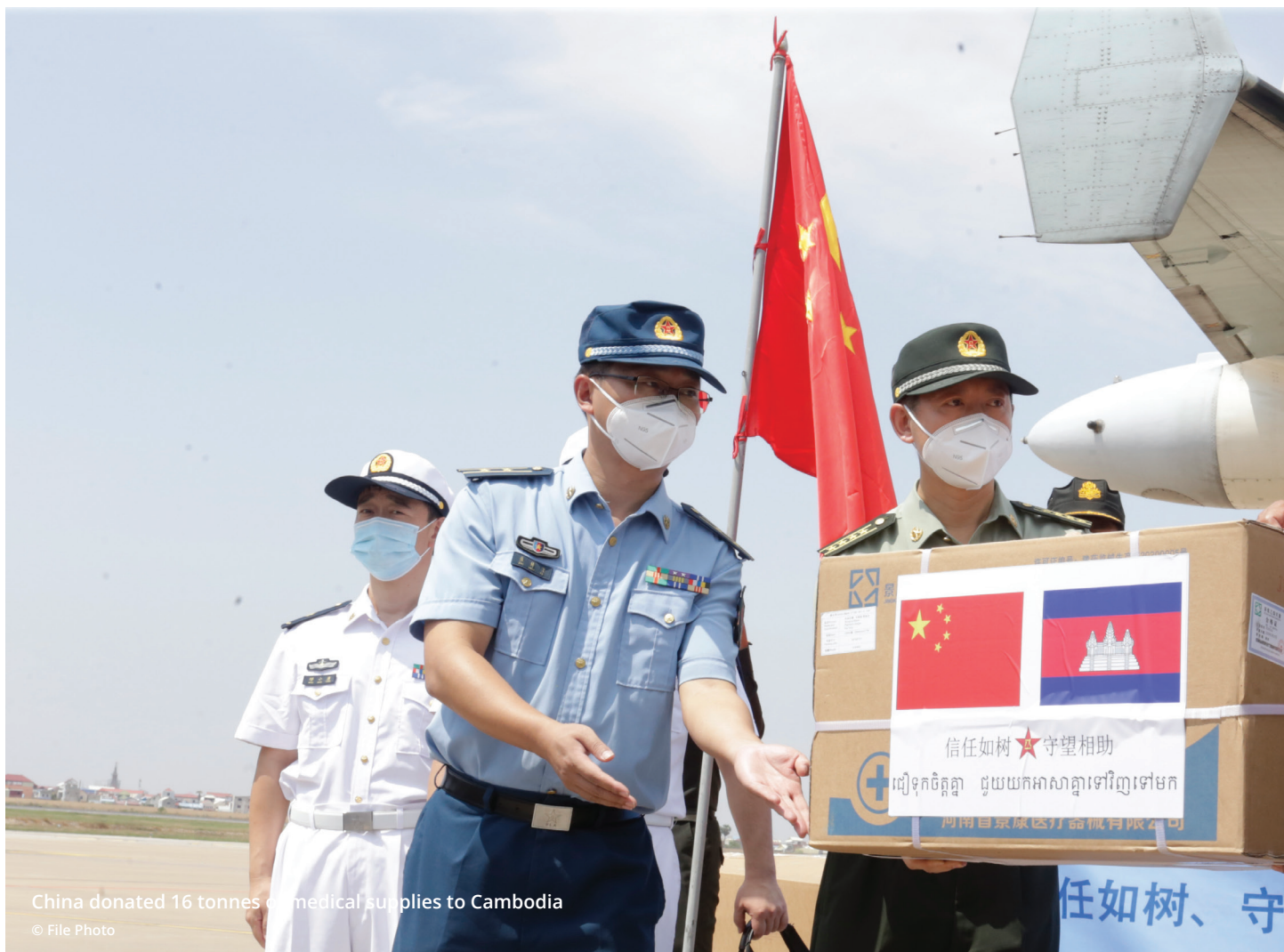
With such special relations with China, Cambodia has been seen as being overly dependent on China, politically and economically, and Cambodia's diplomatic relations with other world powers and blocks becoming unclear, especially with the US and EU. The South China Sea issue has always been one of the top agendas of ASEAN summits and related meetings and Cambodia has also been accused of kowtowing to China since 2012, as the joint communiqué could not be issued. In addition, Cambodia has been accused of signing a

secret pact with China to allow the exclusive use of the Kingdom's naval base. The report was released by some Western media and diplomats. US officials always express their concerns over foreign military presence in Cambodia, referring to it as China's. However, the Cambodian government has always denied the allegation and denounced it as fake news and baseless accusation.

Chinese investments and ODA have contributed greatly to Cambodia's development and the share of its GDP, however, there are some risks involved and concerns that Cambodia should take into serious consideration with regards to its relationship with China to ensure the winning outcomes over the long term. The quality, accountability, transparency and sustainability of Chinese investments and infrastructure development







China donated 16 tonnes of medical supplies to Cambodia

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projects, debt that Cambodia owes China, the lack of social and environment impact assessment and safeguard measures of Chinese investment projects, and Cambodia economic dependency on China, are among some of the outstanding risks and concerns that have been raised by some civil society groups. However, the Cambodian government always asserts that all Chinese investments and infrastructure development projects have been made in a transparent, open and inclusive manner, and Chinese debt is manageable.

In sum, Cambodia and China have enjoyed strong political, security and economic relations, which may continue to grow in years to come. Under the BRI, China is now Cambodia's most important strategic and economic partners in terms of trade, investment and ODA. However, BRI projects in Cambodia may turn opportunities into challenges and threats if the Cambodian government does not take into serious consideration.

Therefore, Cambodia has to strengthen its institutional capacity, governance, leadership, and human capital as well as improve and develop all necessary legal frameworks and policies, and strictly re-enforce them in implementing the BRI projects. Cambodia and China have to promote transparency and openness to ensure fair bidding, responsible conducts, and benefit sharing in investment projects as well as project quality, accountability and sustainability, and the transfer of technology and knowledge know-how from such investments.

Moreover, one big challenge of the next decade in their relations remains the [re]solutions of the South China Sea dispute. China does not favor multilateral negotiations and called on concerned states to continue using the ASEAN-China mechanism for the full implementation of the Declaration on the Conduct of Parties in the South China Sea, and ASEAN and China to further work



Cambodia has to make a maximum number of friends and Cambodia has to know how to deal with super-powers as a good friend because its prime objective is to maintain political stability, peace and social order to promote human dignity and economic prosperity and to alleviate poverty.

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together to realize the Code of Conduct in the South China Sea. Cambodia is still seen by other as countries of being in favor of China's bidding. In this context, Cambodia should continuously strive to balance its bilateral relations and foreign policy objectives towards other countries, including the US, in order to diversify its strategic and economic partners for the sake of its own security, sovereignty, and prosperity.

In the wake of increasing geopolitical rivalry and uncertainty, mainly instigated by the heightening competition between superpowers, it is suggested that Cambodia adopt a multi-vector foreign policy without too much focus on a single power. As a small state in the middle of two bigger and more powerful countries, Cambodia has to stick its foreign policy of permanent neutrality and non-alignment. The country has to follow a policy of peaceful co-existence with its neighbors and with all other countries throughout the world.