China's Strategic Interests in Cambodia: Influence and Resources

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ABSTRACT

Cambodia is pivotal to China’s strategies to project greater influence in Southeast Asia, buffer longstanding rivals, and potentially tame America’s hegemony. China’s transformation from regional backwater into influential global actor raises concerns for many countries. As expected, the rise of a powerful regional player makes traditional hegemonic countries anxious.

KEYWORDS: China, Cambodia, geopolitics, political economy, strategy

China’s strategic interests in Cambodia are part of a wider strategic agenda in Southeast Asia that is a natural outgrowth of Beijing’s 1955 “Principles of Peaceful Coexistence.” This document called for respect for the sovereignty and territorial integrity of all states, non-aggression against other states, non-interference in the internal affairs of other states, equality and mutual benefits, and peaceful coexistence.1 This comes as no surprise. Southeast Asia is home to roughly 525 million inhabitants and is an economically relevant trade partner to the U.S., the EU, and Japan. The region accrues a gross national product (GNP) of more than $700 billion, hosts a number of nascent democracies, and sits atop some of the world’s most transited sea routes, giving it a pivotal geostrategic position from which to oversee half of

global trade.\(^2\) Cambodia has been a compliant ally of Beijing ever since it was clear that mutual benefits existed. For China, any nation-state that actively furthers the Chinese regional strategic agenda is welcomed as a friend, regardless of who is at the helm. Evidently, China’s potential utility in shaping its ally’s economy argues that Beijing should continue to play a dominant role in Cambodia. Through a literature review that covers an array of scholarly and media sources, this paper attempts to elucidate some of the Sino-Cambodian linkages and the mutual benefits that arise from them. The paper starts with a brief account of the historical ties between the two countries. This is followed by an analysis of the mechanisms, motivations, and subsidiary actions designed to solidify strategic interests, and the potential consequences of such actions.

**HISTORICAL BACKGROUND**

Cambodia gained independence from France in 1953. Formal Sino-Cambodian relations began in 1958 immediately after the French system of administering Chinese communities was at last terminated. This colonial system levied taxes and fees on all Chinese and non-Chinese communities residing in Cambodia in order to develop economic infrastructure, just as was done in British Burma and Malaya. Between the late 1960s and early 1970s, ethnic Chinese were Cambodia’s largest minority, but by 1984, as a result of Khmer Rouge genocide, social unrest, and Vietnamese persecution, only a few thousand remained.

In 1970, Cambodia’s monarchy was abolished. From 1972 to 1978, Maoist China financially supported Pol Pot’s Communist Party of Kampuchea (Cambodia). However, after the communist regime’s demise, new and friendly ties developed through Norodom Sihanouk, the “King Father” of Cambodia. In late 1978, Vietnamese forces invaded Cambodia. Sino-Soviet tensions arose in connection with three elements: Moscow’s support for the Vietnamese military intervention, the ensuing but brief 1979 war between China and Vietnam, and the Soviet invasion of Afghanistan.

Regional tensions eased somewhat afterward, as a result of changes in the wider international environment.\(^3\) During the 1980s, a Cambodian resistance

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movement fought for Cambodian independence. Vietnam withdrew from Cambodian territory as China remained vigilant over geopolitical sensitivities. Hun Sen became prime minister, and the Vietnamese-backed government gained momentum against the rebels. In June 1989, the bloody suppression of the Tiananmen Square demonstrations in Beijing led to Western sanctions against China. During the 1990s, multi-party democracy was restored in Cambodia, where a Chinese cultural revival occurred. Cambodia’s relations with Taiwan were officially severed in 1996, and a coup d’état in 1997 by Second Prime Minister Hun Sen ousted First Prime Minister Norodom Ranariddh; Chinese-Cambodian lawmakers and senior officials began to occupy key power positions.4 From 2000 to date, the Sino-Cambodian relationship has reflected a newly evolving geopolitical landscape characterized by flexible and opportunistic arrangements that are often volatile. Today, Cambodians of Chinese ethnicity represent roughly 2.5% of Cambodia’s population.5

**STRATEGIC INTERESTS IN CAMBODIA**

To China, exerting greater influence in the region and securing abundant natural resources (discussed below) are two of the most salient motivations to nurture a reciprocal relationship with Cambodia. Now, as in the past, these linkages are supported by shifting political and economic contexts. What is different today is China’s undisputed ascension as a powerful regional and global player, aided by trade liberalization, dynamic regional development, and a favorable international economic climate. The breadth and depth of Chinese foreign policy in recent years have been motivated by concrete, fairly narrow goals such as maximizing access to overseas markets, energy sources, and the necessary raw materials to sustain growth. Having a special relationship with China allows Cambodia to develop its economy, build primary and secondary infrastructure (permitting it to steer clear of


conditional loans and grants from Western donors), and be perceived as a long-term, loyal ally in Southeast Asia.

Although China’s approach is hardly country-specific, it is now evident that some countries in the region are more equal than others. This is especially true when historical ties, behavioral legacies, and tactical geopolitics play out in ways that largely help fulfill China’s desire to establish itself through a charm offensive as an emerging superpower. To better elucidate these tactical moves, selected issues are discussed below: security and oversight, energy self-sufficiency, infrastructure projects, financial hegemony, strategic approaches, and securing resources. A brief analysis follows on the consequences of intervention, focusing on labor abuse, livelihood, and ecologic disruptions. A conclusion offers summary findings.

SECURITY AND OVERSIGHT

Few would disagree that the traditional underpinnings of foreign relations in Southeast Asia are undergoing a dramatic overhaul owing to China’s increasing presence, a relative decline of American hegemony, amelioration of antagonistic bilateral relationships, the expanding normative influence of regional multilateral institutions, and a growing sense of potentially beneficial economic interdependence among stakeholders. China’s new security and military postures, and concomitant strategies, are supported by its distinctive diplomatic approach and increasing involvement in regional affairs. These activities reflect China’s new-found confidence and determination in realms that for the most part had been the preserve of American and Soviet spheres of influence. These approaches—some more visible than others—are flourishing in largely uncertain circumstances where classic paradigms of the balance of power interact dynamically with new economic and security challenges. These include trade globalization, energy security, financial stability, international terrorism, nuclear proliferation, and the spread of emerging and re-emerging infectious diseases.

As a complement to traditional security issues, a new mode of international cooperation has arisen: the field of non-traditional security. This is defined as increased attention to anti-proliferation and anti-terrorism issues. In the Chinese case, awareness of potential threats has created fertile political grounds to justify China’s increasingly active presence in these shrouded and sensitive spheres. For instance, China has played a notable role in seeking a peaceful solution to the nuclear issue on the Korean Peninsula as a member of the Six-Party Talks. This role has evolved despite Beijing’s rejection by the Association of Southeast Asian Nations (ASEAN) in its effort to join the Southeast Asia Nuclear Weapon Free Zone accord in 2004. Moreover, that November, Beijing hosted a Security Policy Conference with officials from the ASEAN Regional Forum to discuss potential future challenges to regional security. More recently, China has been active and vocal, yet always ambiguous, about Iran’s and North Korea’s nuclear programs. In the past, China’s position in relation to Iran and North Korea was outright supportive, but heavy Western lobbying has somewhat distorted China’s embrace.

Now, as in the past, China disputes its sea borders with several countries, most heatedly with Japan, the Philippines, and Vietnam. In fact, throughout their histories, Vietnam and China have engaged in conflicts on their borders as well as in their waters. In recent times, these conflicts have been narrowed to fishing and navigation rights in the South China Sea. However, discord over territories and water does not prevent China and its neighbors from developing collaborative relationships aimed at building regional cohesion, in order to foster frictionless, mutually beneficial multilateral trade. It stands to reason that rapidly improving trade relations (and economic windfalls) will mitigate any potential fallout from territorial disputes. For instance, in the past decade, improved Sino-Russian relations based on regional strategic convergence and natural resources provide evidence supporting this utilitarian camaraderie.

In consideration of a novel, all-embracing principle of harmonious coexistence, China’s domestic and regional security relations with its neighbors are essentially shaped by shifting ideological configurations, the evolution of

foreign relations with other countries, and geographical proximity. Having unrestricted air, land, and sea access to the eastern side of the Gulf of Thailand powerfully motivates Beijing to engage in economic diplomacy. China, between 2005 and 2007, donated nine patrol boats and five warships to Cambodia. These are now docked at the Port of Sihanoukville, about 230 kilometers southwest of Phnom Penh, Cambodia's capital. China argues that it is helping Cambodia strengthen its marine security to fight off pirates and drug smugglers, with improvements in social stability and territorial security as spillover effects. Although this may seem in principle a good-natured gesture, it can also be seen as an overt attempt to establish a military bulwark to counteract present and future threats that may arise in the region. Should tangible future threats arise, Beijing could build on improved military capacity in Cambodia's coastal stretch off the Gulf of Thailand to squelch it, thus granting China valuable time to deliver reinforcements as needed. The current donated ships, however, are solely operated by Cambodia. The concern is that such threats could jeopardize Chinese interests in Cambodia, especially a tactically relevant port through which import deliveries take place.

Geopolitically speaking, China's interest in Cambodia can easily be linked to its security and oversight issues in the South China Sea with Vietnam, Taiwan, and the Philippines, as well as safeguarding Beijing's claims to the disputed Spratly Islands and their resources (mainly oil and natural gas). For instance, if sensitive security issues were to arise in the South China Sea regarding Taiwan, Beijing may need Cambodia as a strategic, sea-accessible location from which to launch a response. Similarly, in response to recent cases of piracy and looting, the capability for rapid Chinese deployment of warships to protect its own vessels en route to the Gulf of Aden is also a means of supporting China's strategic interests.

These tactical overtures signal that China's economic support and diplomatic maturity can be conducive to security and stability in Cambodia. By fostering bilateral cooperation and strengthening the Cambodian economy, in exchange Beijing gets to leverage its influence to mediate regional conflicts.¹² For example, China has played a pivotal role in mediating, through the Six-Party Talks, the nuclear crisis on the Korean Peninsula. These desired outcomes are backed by relentless advocacy in order to be perceived as

non-intrusive and non-threatening, especially in response to concerns among scholars and international leaders over the potential implications of China’s rise. Moreover, to promote its perception as a peaceful giant in Cambodia and the region, China’s foreign affairs advisers have concocted a sophisticated mix of sustained development assistance, trade incentives, and confidence-building measures. Also, Beijing has been opportunistic, stepping in when American and Japanese authorities have hesitated (e.g., on aid, trade agreements, and infrastructure development). By all accounts, this posture suggests an unwavering willingness to build lasting relations with neighboring countries, where others have left off. Yet, it is worth noting that practical and sudden cooperation between two countries in a populous region could be hamstrung by historical suspicions, cultural prejudices, geopolitical rivalries, and evolving priorities.

All things considered, it is plausible that China’s security and oversight interests in Cambodia may be (1) strongly supported by an overall collective notion of developing a region in which trade-propelled development proceeds smoothly; or (2) unlikely as it sounds, received reluctantly with silent resistance, impinged by an already solid tradition of Southeast Asian nations being staunch supporters of the norms of sovereignty, territorial integrity, and non-intervention. Whether China’s strategy proves to be successful remains to be seen.

ENERGY SELF-SUFFICIENCY

The world’s population is projected to grow to more than nine billion by 2050. As of April 2010, it is estimated by the U.S. Census Bureau that there are 6.8 billion people in the world, of which 1.3 billion reside in China (roughly 20%). China’s immense population is growing at a rate of 0.629% per year (or roughly 8.5 million). As a result of China’s rapid population growth and economic development, an increasingly affluent growing middle class is demanding more and more products and services. The country’s industrial sector desperately needs to secure inexpensive, reliable energy sources

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to keep the engines of middle class consumption growth at full speed, once
the world’s economy recovers from the recession. China is likely the world’s
largest consumer of oil, followed closely by America. The jury is still out on
whether oil reserves around the world will dwindle in the near future.16 As
with oil, China is heavily dependent on cheap coal to generate much of its
electricity, consuming almost three billion tons of coal per year. It also de-

Farrel, Susan Lund, Eva Gerlemann, and Peter Seeburger, “The New Power Brokers: How Oil, Asia,
Hedge Funds, and Private Equity Are Shaping Global Capital Markets” (San Francisco: McKinsey
Global Institute, October 2007).
2010.
19. Khouth Sophak Chakrya and Sebastian Strangio, “Villagers Gather to Express Dam Con-

Cognizant of these facts, China has invested heavily in developing alterna-
tive energy sources such as wind, solar, thermal, and hydroelectric power.17
Seen through an economic lens, hydroelectric power plants are the most ef-
icient means of producing electrical energy.18 With this cost-effective notion
in mind, China is finishing its fourth hydroelectric dam on the upper reaches
of the Mekong River, sparking concerns among its neighbors about future
water supplies. China has also promised to build hydroelectric dams along
the Mekong inside Cambodian territory. The Cambodian authorities aim to
triple Cambodia’s energy output from a projected 808 megawatts in 2009 to
nearly 4,000 megawatts by 2020, with the goal of connecting nearly 70% of
the population to sources of electricity.19

Although Cambodians may be wary of these developments, there are
strong incentives to proceed. The proposed Chinese dams along the Mekong
River portion of Cambodia would likely create desperately needed jobs in
the north-eastern provinces and eventually enable potential surplus energy
sales to Thailand and Vietnam. Furthermore, to China’s advantage is the fact
that once hydroelectric dams are in place in the upper and lower Mekong
Basin, controlling water flow and energy production could easily become a
political tool to advance China’s long-term energy and resource plans.

If nearby oil is what China is looking for, then securing long-term oil re-
serves should be uncomplicated because the Cambodian National Petroleum
Authority, which administers oil contracts, is under the direct control of a
prime minister and deputy prime minister all too happy to sing China’s praises.\textsuperscript{20} China has allegedly acquired the rights to offshore Cambodian oil fields by purchasing a firm with pre-existing claims. Recent geological work suggests that significant amounts of oil and gas may reside underground throughout Cambodian territory. These reserves are often hailed as providing a way out of poverty.\textsuperscript{21} It should be noted, however, that proven reserves are scarce, and tapping them is expensive, given prevailing energy prices, high exploration and production costs, and low levels of technology. In practice, Chinese officials weigh higher demand against lower reserves, perceiving their existence as an exploitable opportunity.

Whether China’s interest is oil, hydroelectric power, or both will soon be elucidated as its strategy unfolds. China, either alone, or in conjunction with its Southeast Asian partners, aspires through decentralized energy generation structures to become energy independent. This lofty strategy may backfire if mainland Southeast Asian nations conclude that Chinese dams, oil exploration, or any other gargantuan infrastructure projects are hurting their future development prospects. Some dispersed action groups, civil society organizations, and environmental activists are already protesting China’s dams and oil thirst.\textsuperscript{22} What is now undisputed is that energy self-sufficiency is a central goal for China, one that can be attained through a multidimensional action plan\textsuperscript{23} that places Cambodia as an important partner.

INFRASTRUCTURE PROJECTS

As implied above, the most important infrastructure projects embarked on by China are related to development of the Mekong River through building several hydroelectric dams.\textsuperscript{24} China’s strategic advantage in water resource management arises from its upstream contribution to Mekong waterways. For instance, it is estimated that during the rainy season, 20\% of Mekong


\textsuperscript{21} “Cambodia’s Oil Resources—Blessing or Curse?” \textit{The Economist}, February 26, 2009.


\textsuperscript{24} “Cambodia, Kuwait, and Farmland—Petrodollars v Smallholders,” \textit{The Economist}, April 23, 2009.
waters originate in China, while during the dry season its contribution jumps to 70%. In addition to building hydroelectric dams along the Mekong, many other projects are envisaged to cope with the logistics of China's future economic development. For example, a big initiative will modernize Sihanoukville's port and its associated facilities for import and exports of goods—and also to host a naval presence. Naturally, goods will require transport to and from Cambodian cities; therefore, establishing a series of roads, highways, and bridges is a subsidiary development project. In 2006, China offered Cambodia $600 million in no-strings-attached loans to help pay for two major bridges near Phnom Penh that will link into a network of primary and secondary roads, and also to pay for a modern fiber-optic network to connect Cambodia's telecommunications with Vietnam and Thailand. Even construction of modern railroads connecting major cities to the port has been proposed.

Chinese projects in Cambodia are not limited to hydroelectricity, ports, roads, highways, and bridges. As with East Timor's presidential palace, China's infrastructure projects also include prestigious buildings such as Cambodia's Senate headquarters (completed in 1999) and the recently finished Council of Ministers building for which China sent work crews to labor 24 hours a day. Prime Minister Hun Sen refused to move into his office, allegedly because of *feng shui* (geomantic) concerns. He ordered the construction of an annex next door—perhaps also to avoid the possibility of pre-installed listening devices. Large mining and forestry projects, oil exploration, biofuel generation, telecommunications, and manufacturing have also enjoyed Chinese patronage. To Cambodians, new industries such as oil, gas, minerals, forestry, and hydro-energy offer lucrative financial rewards and new employment opportunities. Cambodia is not an isolated recipient of this benevolence: Beijing has lent other Southeast Asian nations large sums of money for railways, hydropower projects, and shipbuilding yards. In the past five years, it has signed declarations proclaiming strategic partnerships with Indonesia and the Philippines. Although all proposed infrastructure projects in Cambodia have aroused controversy and sparked harsh criticism,

China’s plan to build dams across the lower Mekong Basin has ignited the most fervent debate.

**FINANCIAL HEGEMONY**

The majority of infrastructure projects envisaged in Cambodia will be jointly financed by Chinese financial institutions and the Chinese government itself. The robust financial support for these large-scale enterprises represents a surreptitious windfall for Cambodian officials acting as gatekeepers. But ordinary Cambodians are also expected to see an influx of fresh funds flooding their fragile yet bustling economy. In the past 10 years, the Cambodian government has struggled to diversify its fledgling economic engine away from reliance on tourism, low-cost garment manufacturing, and foreign aid. Thus, China’s growing investment in and generosity toward Cambodia come at a critical time. Within the region, China is exerting preponderant influence through financial absolutism, wielding yet another tool to coax Southeast Asians and Cambodians to fall into line.28

Although Beijing’s giant state corporations have invested billions of dollars in dams, oilfields, highways, textile operations, and mines, it is the low-profile, family-owned Chinese firms that have come to dominate the Cambodian investment landscape. For instance, in 2003 Chinese investment in Cambodia totalled $45 million. This was followed by $90 million in 2004, when the Cambodian Investment Board—heavily influenced by Chinese lobbying—approved more investment from China than from any other country. As a result, in 2005 total investment increased to roughly $450 million, and to approximately $600 million in 2006. For fiscal year 2005–06, overall bilateral trade amounted to $732 million. In 2006–07, it reached $842 million, up 15% from the previous year. Higher bilateral trade and Chinese investment amounts are expected in future.

More recently, in the aftermath of the global recession, the International Monetary Fund projected foreign direct investment in Cambodia to drop to $490 million in 2009 from $850 million in 2008. However, despite the slowdown, some economic sectors shine brighter than others. Agriculture, for example, is currently faring better than the garment industry and tourism,

which have both retrenched. Cambodia’s accession to the World Trade Organization (WTO) in 2004, carried out to preserve Cambodia’s access to the global trading commons, especially for its garment sector (14% of gross domestic product [GDP]) with the end of the Multi-Fiber Arrangements, has not prevented retrenchment in that sector. In fact, as part of a wider initiative on food security and development, investment in rural roads and irrigation systems is being encouraged to raise productivity and reduce operating costs; it has helped produce good crop harvests. To further attract international investors, the Council for the Development of Cambodia, the government’s chief investment body, is keen to approve foreign direct investment in agricultural and industrial sectors. This agency, in collaboration with the Ministry of Commerce, actively promotes the establishment of special economic zones (SEZs) such as the Phnom Penh Special Economic Zone (PPSEZ). This zone was established in 2006, as enclosed, tax-exempt, complex partnered, and co-financed by Singaporean, Japanese, Malaysian, and Chinese private firms. The PPSEZ is one of 19 SEZs in Cambodia.

It is expected that upstream and downstream businesses, and their associated networks, will greatly benefit from SEZs even if they are not located within the confines of an SEZ. This will not only give China increased political leverage over Cambodian officials but will grant the Chinese a stronger foothold in negotiations with the ruling Cambodian People’s Party, given that follow-up investments in phased projects can be strategically withheld or halted if regional or domestic policies do not converge as desired by Beijing. To sweeten many of these deals, China has already agreed to waive import tariffs on almost 400 Cambodian products. At the same time, and equally important, China envisages a bilateral free trade agreement with Cambodia.

Despite an avalanche of bilateral benefits accruing on both sides, there are fears that latent resentment may surface against a sizable population of Chinese-Cambodian economic elites, owing to a growing Chinese economic


31. In recent years, China has begun to take a less confrontational, more sophisticated, more confident, and, at times, more constructive approach toward regional affairs. See Evan S. Medeiros and M. Taylor Fravel, “China’s New Diplomacy,” Foreign Affairs (November/December 2003).
presence. In some sectors such as furniture, garments, and perishable produce, China’s expansion is not welcome because it supplants those traditionally produced locally. China not only encourages Chinese investments in Cambodia but also finances established Chinese-Cambodian firms that make cost-effective usage of inexpensive and plentiful local labor. As appealing as China’s financial domination may appear to officials in Beijing and Phnom Penh, there will always be unexpected situations. With this in mind, it stands to reason that Chinese political strategists are busy planning for contingencies.

STRATEGIC APPROACHES

An alternative interpretation of China’s emerging might and friendlier diplomacy is what some scholars call soft power, that is, the application of China’s expanding economy to trade, aid, and investment to achieve political ends: a case in point is China’s largesse in the Southeast Asian region. Chinese development assistance and aid flows freely to Laos, Myanmar, and Cambodia. Especially in Cambodia, China acts as a trading partner and donor, with an eye to buffering Vietnam’s and Taiwan’s geopolitical leverage in the region, which derives from their international political buy-in (i.e., approbation or influence), their impressive economic growth, and their access to sea borders. It is argued in scholarly and journalistic circles that China’s application of diplomatic overtures, military initiatives, and economic cooperation proposals are merely instruments that regulate power relationships with “friendly” countries. China’s goal is building solid allegiances to advance its agendas related to foreign policy, image shaping, economic preeminence, and national security. All these instruments play out in Cambodia.

The structure of China’s soft power engagements with Cambodia takes two forms: (1) multilateral cooperation within institutional bodies, and (2) bilateral cooperative agreements. Multilateral cooperation has been particularly strong in the past four years. In 2006, combined loans to Cambodia from donors totalled $601 million, of which China contributed over one-tenth via indirect, informal networks. In 2007, China for the first time formally pledged aid of $92 million, a 15% increase from the previous year, as part of the Development

32. See Kurlantzick, Charm Offensive.
Partners (e.g., Organization for Economic Cooperation and Development [OECD] member countries) package totalling $689 million. In 2008, international donors pledged some $952 million, with China leading the way with $257 million, followed by the EU ($214 million) and Japan ($113 million). 34

For comparative purposes, in 2008, American aid commitments to Cambodia reached just $57 million, a little over one-fifth of China’s commitment (which is invariably higher than actual disbursements). As for bilateral cooperative agreements, these are harder to estimate, given the complexity of transactions that overlap across time and sectors. Nonetheless, some data exist: In 2006 and 2008, China alone committed $600 million and $215 million, respectively, for infrastructure and development projects. 35 In a recent interview, Prime Minister Hun Sen asserted that from 1992 to June 2009, China’s financial aid to Cambodia totalled $923 million. 36

Beijing’s sugar-coated relationship with Cambodian officials has thickened. 37 By disbursing aid and investment funds liberally and without conditions, the donor country makes the recipient country heavily dependent on it. In the process, China shoo’s away other lenders and donors who impose complicated restrictions on their largesse. The Chinese approach, it can be argued, provides political leverage that senior officials can exploit in pressing forward their economic and political ends. To illustrate: in February 2009, Chinese Foreign Minister Yang Jiechi pledged $55 million in aid and $1 billion in direct investment to aggressively develop Cambodia’s power industry, while vowing to increase bilateral trade beyond $750 million. These lofty promises undermine an already weak governance capacity in Cambodia and could prompt unrealistic expectations, strengthened patronage networks, and greater rent-seeking behavior. Chinese aid for infrastructure projects targets trade integration in the region, which is, by all accounts, a useful outcome for poor countries with weak governance.

Furthermore, a palatable approach for the Cambodian private sector is the opening of Chinese markets for their products, services, and investments.

35. Ibid.
However, comparing the two economies, it is clear that Cambodia would benefit more from China than China from Cambodia. In terms of markets, for instance, Cambodia nets a win-win situation because it gains access to larger markets for its products, as well as faster development of its manufacturing industries thanks to Chinese know-how. Nevertheless, opportunities will surely abound for both countries. For instance, in Cambodia alone there are roughly 3,000 Chinese-registered companies operating, most of them related to garments and textiles. In 2007–08, there was interest for the Cambodian export of rice to China, but the latter scuttled one deal when it found phytosanitary issues related to bacterial contamination. Most important to China is open and easy access to Sihanoukville’s port, which will in effect guarantee deliveries of imported oil and mobilization of resources as needed. It is important to highlight that the China-ASEAN Free Trade Area began on January 1, 2010, with the goal of a zero tariff rate for 90% of goods traded among China, Cambodia, Laos, Myanmar, and Vietnam by 2015.38

Another strategic approach being used can be best defined as cultural force-feeding. In its most basic form, this means the use of cultural background to influence states and peoples in other locations. In Cambodia, this takes form as cultural showcasing and the promotion of the Chinese language. In 1990, through political coaxing, senior Cambodian officials permitted the establishment of multilingual institutions; Chinese dialects grew in prominence. China contributes to this cultural and educational rubric by funding school construction, textbook production, and training of teachers, as well as offering scholarships to Chinese-Cambodians for secondary and university education in China. It should be noted that not only Cambodians of Chinese ancestry study Chinese but pure ethnic Khmer do too, realizing the advantages of learning the language and customs of one of Cambodia’s most powerful partners.

Another influential front has been the establishment of Chinese-language newspapers in Cambodia, coupled with Chinese television entertainment and news broadcasts on cable TV channels. Similarly, Beijing has encouraged and supported Chinese-Cambodian social organizations (e.g., the Cambodian-Chinese Association, based in Phnom Penh, and clan-based organizations), many of which promote Chinese roles, practices, and demeanors to young Cambodian enthusiasts. As a result of the near decimation of ancient

Cambodian cultural heritage by the Khmer Rouge regime from 1975 to 1979, China spotted a golden opportunity to aggressively support a Chinese cultural revival. This cultural and educational expansion results in wider acceptance among Cambodians of Chinese ways, ideologies, policies, products, and services.39

The regionally diverse portfolio of Beijing’s engagement strategies and diplomatic approaches suggests that not all Southeast Asian countries share a uniform perception about China’s intentions. Each country has its own unique relationship with China, reaps its own benefits, and deals with its own difficulties. Although a great deal of money has been doled out throughout the region, China’s special generosity toward Cambodia has caught the attention of Western governments40 and caused alarm over the potential tilt in the region in favor of a non-traditional hegemony.

SECURING RESOURCES

High food prices, rapidly emerging animal and plant pests and diseases, and policy-induced supply shocks all ignite fears among Chinese officials that dependence on world food markets to satisfy domestic demand would leave China vulnerable. As a result, leaders realize the need for access to critical commodities, not only to feed an expanding population but also to meet the demands of insatiable output and export-oriented industries. More broadly, growing concerns about future scarcity have led foreign governments to undertake large-scale land acquisitions abroad. A multi-institutional study indicates that in agriculture-oriented countries, land-based investments have risen over the past half decade, spurred by foreign investment that seeks to exploit opportunities for its own advantage.41

China is thirsty for natural resources such as timber, gas, oil, water, rubber, fertile cropland, and minerals (gold, silver, and iron ore). More important, it is keenly interested in having cheap, unprotected, unrepresented, and readily available labor forces abroad. This interest reflects the fact that the

39. See Marks, “China’s Cambodia Strategy”; and for related arguments Richardson, China, Cambodia, and the Five Principles of Peaceful Co-existence.
great majority of Chinese exports are still labor intensive. The main comparative advantage of Chinese manufacturing power lies in its abundant labor supply, but its wages have inevitably risen in concert with economic growth. To witness this manufacturing phenomenon, investors and purchasing managers are encouraged to visit the city of Yiwu, also commonly referred to as the International Trade City, southwest of Shanghai, which hosts what is alleged to be the biggest market in the world, the Yiwu Market. Here, stalls display thousands of items to potential buyers. Nowadays, China faces a growing dependence on imports of important minerals and is already a crucial world market for copper, iron ore, platinum, aluminum, and precious woods. In 2004, global production of crude steel reached the billion-ton mark almost entirely as a result of intense Chinese demand. It is no secret that China already consumes more steel, grain, and coal than America. As if this were not enough, China is also one of the world’s largest importers of tropical timber from the region. Because smaller households consume more resources per person, China’s rapid increase in household numbers and reduction in household size results in rapacious resource usage. Although China has shown signs of assuming greater regional and international obligations, and is steadily becoming a responsible stakeholder, its approach to domestic and global affairs remains largely utilitarian.

INTERVENTION CONSEQUENCES

For nations, there are often direct and indirect consequences related to specific interventions (mainly through infrastructure projects) that prove to be detrimental in multiple dimensions for the short, medium, and long term. In the past 50 years, Cambodians have experienced—and most fear they will continue to experience—a series of actions: unlawful land-grabbing, choking of freedom of expression (not to mention human rights), illegal logging, unregulated mining, labor abuses, illicit resource exploitation, and environmental damage to rivers, lakes, and water-dependent ecosystems. In many cases, the government itself has been behind these abuses. Because of the frailty of Cambodia’s democracy, the profound lack of sensible political

institutionalization, weak social cohesion, and the utter disregard for people’s rights, concern has grown over the potentially pernicious outcome of China’s actions that are embraced, accepted, and encouraged by Cambodian officials. Lately, close ties between top Chinese officials and Cambodian Prime Minister Hun Sen have played a pivotal role in advancing China’s strategic interests in both Cambodia and the region.  

This is no novelty: corruption, cronyism, and nepotism are endemic in Cambodia.

**Labor Abuses**

Cambodians have a long history of suffering human rights and labor abuses. In response to allegations and in collaboration with the royal government of Cambodia and the International Labor Organization, the U.S. and EU have advanced innovative, incentive-based policy experiments (e.g., expanded export quotas as incentive) that have rendered positive results in garment factories, but there is much room for improvement in other industries. Some of the most common features of abuse and exploitation, anecdotally reported, are harsh and demeaning working conditions, unpaid overtime, harassment, unauthorized paycheck deductions, underage workers, unpaid sick leave, verbal abuse, delayed compensation, and suppression of workers’ complaint mechanisms. In many cases, because of a profound lack of gainful alternative jobs, many Cambodians agree to abusive and exploitative work conditions, lest they join the ranks of the unemployed (known colloquially as *dah twat ktiol*—literally, walk-kick air). Recently, the World Bank forecast that 200,000 Cambodians will fall below the poverty line this year partly as a result of the global economic slowdown. It is feared that young unemployed women will turn to prostitution or begging to make up for household budget shortfalls. Households facing multidimensional insecurities

45. Transparency International’s Corruption Perception Index 2009 ranked Cambodia 158 out of 180 countries.
could try to cope with income losses by migrating to nearby cities, selling valuable assets such as livestock, borrowing money from usurers, or encouraging their young children to work.

Livelihood and Ecological Disruptions

In the past quarter century, international organizations have come to recognize that sale or long-term lease of farmland to foreign governments or international investors can result in land expropriation. Or it may ultimately lead to unsustainable resource use, thereby undermining the livelihoods of local communities through job loss or income reduction, in addition to other pernicious outcomes. However, the other side of the argument is that land sales or transfers can also bring opportunities to local communities, including employment creation and demand-driven multiplier effects through backward and forward network linkages.

Ecologists and environmentalists, aided by classical and contemporary tools to measure anthropogenic effects on ecosystems, have highlighted the loss of productive land to non-productive uses, sometimes leading to slash-and-burn deforestation. Often, in-depth investigations with farmers in rural areas reveal that continuous farming of these in-transition plots reduces crop yields. This stems from factors such as soil erosion, inadequate pest control practices, and low-quality inputs (seeds, pesticides, and fertilizers), among other things. Similarly, non-governmental organizations have denounced unrestrained mining exploration in northern Cambodia that has damaged six of the country’s 23 protected wildlife areas. Loss of livelihoods based on bamboo harvesting and resin tapping from trees—because of extensive logging—has also been reported recently.

Because no country in the region is more reliant on the Mekong River than Cambodia, English-language local newspapers such as the Phnom Penh Post and the Cambodia Daily as well as some Khmer-language newspapers, have been covering river-related issues. They have reported stories of villagers

49. See “Cambodia, Kuwait, and Farmland—Petrodollars v Smallholders.”
51. Anthropogenic effects are those that are derived from human activities, as opposed to those occurring in natural environments without human influences.
52. See Global Witness, “Country for Sale.”
in riverside communities forced to move because the flooding Mekong destroyed their lands. Rural and indigenous communities that depend on animal hunting, fruit gathering, fishing, or water transport along the Mekong River and the Tonle Sap (Cambodia’s great lake) have voiced fears that Chinese-backed infrastructure developments will damage the environment and threaten their livelihoods. In the environmental arena, China is perceived as the source of numerous regional ecological disruptions. China’s dam development has already hurt Cambodia. By mid-2004, the Mekong water level had reached record lows, resulting in a nearly 50% drop in the fish catch from the previous year and also menacing rice production. It is equally alarming how many households could experience drops in tourism-related income in areas around the Tonle Sap and Siem Reap (home to the famed Angkor temples) that potentially could push people into food insecurity, mass urban migration, prostitution, increased violence, and protests. Social anthropologists have warned of the unexpected increase in costs associated with post-displacement minority group relocations. They have also pointed to the long-term developmental and health effects of diminished nutritional profiles in infants, children, and adults resulting from reduced consumption of animal proteins. A 2009 report by the World Wildlife Fund (WWF) reveals that pollution in the 190-kilometer stretch of the Mekong River between Cambodia and Laos has pushed the local population of Irrawaddy dolphins to the brink of extinction while nearly decimating other endangered species and harming aquatic populations.

Fifteen years ago, plans to develop the Mekong were viewed by regional countries and the international community with trepidation. The Mekong River Commission (MRC) was formed on April 5, 1995, by an agreement among the governments of Cambodia, Laos, Thailand, and Vietnam. “The Agreement on Cooperation for the Sustainable Development of the Mekong River Basin” sought joint management of the four countries’ shared water resources and development of the river’s economic potential. Interestingly,

53. See Chakrya and Strangio, “Villagers Gather to Express Dam Concerns.”
China and Myanmar are only dialogue partners, not commission members. In subsequent years, the MRC hosted and encouraged multi-stakeholder consultations and roundtables to better address the most pressing issues surrounding development of the Mekong River. As a result, many detailed plans and strategies were showcased. However, despite drafting comprehensive environmental-impact assessments and mitigation plans, backed by significant funding assistance and institutional support, little improvement has been seen. Among other factors, this derives from China’s determination to move ahead regardless of impediments, coupled with weak enforcement of environmental regulations, lack of popular condemnation, and state permissiveness.

Indeed, the decimation of Cambodia’s natural resource base is alarming, considering that 81% of the population of 14 million is rural, with agriculture accounting for two-fifths of GDP and constituting the main domestic activity of rural households.57 Recent cases of highly pathogenic avian influenza (bird flu) were a valuable lesson on how a disease with global public health implications was allowed to further damage rural livelihoods via a lethal mix of international incentives and domestic politics.58 As if this were not enough to raise eyebrows, conservationists warn that parts of the Mekong region—mainly Cambodia, Laos, and China’s Yunnan Province—are particularly vulnerable to the effects of anthropogenic climate change that in all likelihood will transform sensitive ecosystems.59 For instance, in 2004, Chinese logging operations abroad were denounced for engaging in illegal activities that spurred severe deforestation in Burma and Indonesia.60 The result was soil erosion, biodiversity loss, and lower water-generation capacity. Between 2005 and 2007, civic groups have emphasized the immediate need for concerted action to stop dam development along the Mekong before further human rights and environmental abuses take place. In 2008, an International Rivers report warned of significant social and environmental costs accruing from poorly planned Chinese hydroelectric power plants being developed in

58. See Ear and Burgos Cáceres, “Livelihoods and Highly Pathogenic Avian Influenza in Cambodia.”
Cambodia. More recently, in 2009, a joint publication by the United Nations Environment Program (UNEP) and the Asian Institute of Technology (AIT) urged officials to attain a balance between resource exploitation and maintenance of ecological health. China’s projects are now considered major contributors to the precipitous decline in biodiversity in Cambodia. In addition, tigers, bears, seahorses, and rare turtles, among other exotic wildlife, are eagerly sought by some Chinese traders. The growing purchasing power within certain social groups provides strong economic incentives for the illegal wildlife trade. With all this in mind, and based on empirical evidence, it is unlikely that China will soon assume a proactive leadership role in promoting labor rights protection, fostering good governance, and catering to the environment.

CONCLUSION

From its portfolio of approaches planned and implemented so far, it is clear that China’s strategic interests go far beyond projecting greater influence in Southeast Asia and securing vast supplies of natural resources in Cambodia. Chinese political and economic analysts are attuned to contemporary issues, as demonstrated through Beijing’s tactical moves in Southeast Asia, most especially in Cambodia. There, a less than independent judicial system provides no substantial relief to ordinary Cambodians but in fact allows for inequities and iniquities with little potential for liability. The reality is that China has assumed a leadership role in Southeast Asian economies and aggressively pursues free trade agreements as a direct result of stagnant or declining regional trade with Europe and America. Under these circumstances, which policy options Cambodian authorities embrace to foster social

64. Sophal Ear, “Cambodian ‘Justice’,” Wall Street Journal Asia (Hong Kong), September 1, 2009.
stability will depend on the presence or absence of political will.\textsuperscript{66} Policy initiatives (such as contract transparency) that harm patronage networks have the least likelihood of success given the country’s political economy landscape.\textsuperscript{67} Naturally, officials in Beijing and Phnom Penh see this as a win-win situation.

Despite much praise for its various regional and international initiatives, China has also drawn wide condemnation for failing to acknowledge the severity of Tibetan civil unrest and downplaying the Severe Acute Respiratory Syndrome (SARS) epidemic. Cambodia’s December 2009 forcible repatriation to China of 20 members of China’s Uighur minority attracted howls of outrage from rights groups and Western governments. The deportations occurred one day before Chinese Vice President Xi Jinping’s three-day visit to Siem Reap, during which an accord giving Cambodia \$1.2 billion in economic aid was signed.

Militarily, it is clear that the port of Sihanoukville could serve as a strategic location from which to project Chinese maritime power into the Gulf of Thailand and the Straits of Malacca, both conduits for heavy trade. Airfields in mainland Cambodia can be used as refuelling stations for military planes conducting sea and land surveillance and reconnaissance missions. Clearly, the rationale supporting a China-Cambodia military partnership is often tactical and instrumental, rather than being based on long-term sustainable development. This status reflects the transitory nature of the contemporary international system.

Diplomatically, China has improved its standing with the international community through friendly foreign policies.\textsuperscript{68} By adopting a similar position to back Russia, Iran, and North Korea on sensitive issues, Beijing can also support Cambodia when Phnom Penh is pressured by international bodies on allegations of human rights abuses, oppression, corruption, and misuse of power at high government levels. It is therefore not surprising that the Chinese Embassy is the biggest diplomatic mission in Cambodia’s capital, or that China is by far Cambodia’s most generous Development Partner. Cambodia, to repay its newfound ally for its largesse, has silently agreed to


\textsuperscript{67} See Ear, “Governance and Economic Performance: Credibility, Political Will, and Reform.”

serve almost every Chinese desire and whim, from making gargantuan land concessions to allowing the building of hydroelectric dams, roads, bridges, railways, and telecoms systems, as well as repatriating Uighurs and permitting China free access to its economy.

For aid, Cambodia can always turn to China, a generous donor that despite its superpower status seems to treat its partners with fairness and respect, never asking sensitive questions. It is up to Cambodia to make the best use of these economic boosters and its intimate relationship with its giant neighbor, in order to advance economic programs and social projects. In the long term, these could benefit Cambodia’s populace and its economy, as well as cementing in place the primary and secondary infrastructure needed to sustain commerce and development.

Economically, Cambodia and China will always maintain a symbiotic relationship, owing to the large number of Chinese-Cambodians. But this relationship will mainly be reciprocally fed by the ties and benefits that bind senior officials in both countries. China’s heavy investment in Cambodia stems not only from Beijing’s strategic interests in the region but also arises because private sector initiatives seek fertile ground where there is an environment to prosper and grow. Other countries have eyed the kingdom of Cambodia as a partner, be it as their vegetable garden or their rice bowl. America and Europe have long been a presence in the garment industry; Japan has been donor and advisor; and Australia has had a role in agricultural and industrial development. Still, Cambodian officials argue in interviews and communiqués that what is good for China is good for Cambodia, and this belief, glued by trust and respect, seems absolute. Yet, despite all the heralded advantages behind this strategic partnership, rising concerns about labor abuses, geopolitical backlashes, livelihood disruptions, social unrest, ecological perturbations, economic dependence, and biodiversity losses are already making headlines.

Lastly, the strategic partnership between China and Cambodia has provoked polarized views among Western observers, neighbors, and the international community because it is seen as an alliance of authoritarian states that threatens ASEAN cohesion, regional stability, and democratic norms. However, seen strictly through a public relations lens, China’s rise has been peaceful and tactical, achieved through enhancement of global security, promotion of peaceful trade, and addressing transnational challenges. Whether the outcome is positive or negative depends in large part on external forces playing
out dynamically in the international arena. These include a debilitating global recession; China’s willingness to play banker to America; rising nuclear and viral threats; climate change and its effect on living ecosystems; trade liberalization bottlenecks; reduced consumer confidence; and rising global poverty, inequality, and hunger. Perhaps we are seeing an active redefinition of duties and responsibilities as superpowers snatch force and influence from each other, especially after traditional leadership roles have come into question around the globe.