

HOW HAS CHINA'S AID INFLUENCED CAMBODIA'S FOREIGN POLICY?

BY

SIEM PICHNORAK

**A thesis submitted in partial fulfillment of
the requirements for the degree of**

**BACHELOR OF ARTS IN
INTERNATIONAL STUDIES**

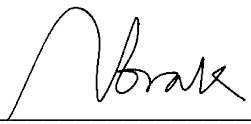
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List of Acronyms

ACFTA	: ASEAN-China Free Trade Area
ADB	: Asian Development Bank
APT	: ASEAN Plus Three
ARF	: ASEAN Regional Forum
ASEAN	: Association of Southeast Asian Nations
CCP	: Cambodian People Party
CCTV	: China Central Television
CDC	: Cambodia Development Council
CIB	: Cambodia Investment Board
CNRP	: Cambodia National Rescue Party
DAC	: Development Assistance Committee
EAS	: East Asia Summit
EBA	: Everything But Arms
EIA	: Energy Information Administration
EU	: European Union
FDI	: Foreign Direct Investment
FPA	: Foreign Policy Analysis

GMS	: Greater Mekong Sub region
LNG	: Liquefied Natural Gas
NSC	: New Security Concept
ODA	: Official Development Assistance
OECD	: Organization of Economic Cooperation and Development
PM	: Prime Minister
RCG	: Royal Cambodian Government
TAC	: Treaty of Amity and Cooperation
UN	: United Nations
US	: United States
WB	: World Bank

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Abstract of the Thesis
How Has China's Aid Influenced Cambodia's Foreign Policy?

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Sino-Cambodia relations have waxed and waned through times and history given the changes in international and domestic politics of both countries. In recent decades, however, China has made a successful comeback, and relations between the two have been deepened and widened remarkably. Foreign aid, inter alia, has been an effective tool China has employed in leveraging its influence over many developing countries including Cambodia. China is now a largest investor and donor to Cambodia. Despite Cambodian government's acclaims for the no-string attached aid from China, such unconditionality and overreliance on China's aid has propelled Cambodia to adopt the so-called pro-China foreign policy. In this relation, this paper explores how China's aid has influenced Cambodia's foreign policy stance. First, it will examine the motivations which encourage China to provide aid to Cambodia and how important Cambodia is in China's foreign policy. Second, various factors within international, governmental and domestic contexts of foreign policy will be investigated to fathom the factors that make Cambodia receptive to China's aid. Lastly, the paper will evaluate the costs and benefits of conducting such pro-China foreign policy and provide scholastic policy recommendations for Cambodia to reap benefits from China's aid and avoid the trap of "putting all eggs in one basket".

CHAPTER I

INTRODUCTION

1.1. Background

Sino-Cambodia relations could be dated back to the ancient time when a Chinese diplomat, Zhou Daguan, visited Angkor city from 1296 to 1297 (Daguan, 1992); but formal diplomatic relations had not been established until 1958 after King Sihanouk met Zhou Enlai in 1955 in Bandung Conference, Indonesia. Cambodia-China relations have waxed and waned through time and history due to the changes of leadership and regime. Into the new epoch following Cold War, relations between the two have once again become vibrant due to the change in domestic and international environment, which paved the way for relation amelioration and invigoration of cooperation in all aspects, especially in the sphere of economic.

With regard to aid, the record of China's assistance to Cambodia could be evidenced since the early years of independence. Cambodia, under Prince Sihanouk, began receiving assistance from China since 1956; and the assistance per se came under various forms, including grants and loans for the construction of industrial factories, technical assistance, and military equipment. In particular, China's assistance to Cambodia had increased respectively from \$22.4 million in 1956 to \$33.6 million in 1962 (Marsot, 1969). However, the relations between Beijing and Phnom Penh severed since 1967 due to the fact that China began to provide secretive supports to the communist insurgency behind the back of Prince Sihanouk. Yet, Prince Sihanouk once again decided to embrace China after

the 1970 coup d'état which ousted him out of power. From 1970 to 1975, formal relations between Beijing and Phnom Penh were cut off, but China continued to support Khmer Rouge insurgency fighting against American-backed Phnom Penh government of Lon Nol. From 1975 to 1979, China politically and diplomatically lent its client to Khmer Rouge regime, which was responsible for the death of almost two million Cambodians (Eadie & Grizzell, 1979). Despite the fact that Khmer Rouge was ousted out of power since early 1979, China continued to actively provide weaponry, financial as well as diplomatic support to the remaining Khmer Rouge fraction fighting against Vietnamese-installed Phnom Penh government.

Cognizant of the demise of civil war in the early 1990s, China once again set out to reinforce diplomatic engagement with Phnom Penh government as witnessed in the normalization of diplomatic relations in 1997. In fact, China began its maneuver to reinvigorate diplomatic ties with Phnom Penh as early as 1995. Before 1996, China approached Prince Ranariddh of FUNCINPEC but then withdrew given that his government maintained close relations with Taiwan. In the wake of 1997 coup d'état, which pushed Prince Ranariddh out of the first premiership position, China stepped up its patronage to Hun Sen of CPP (Cambodian People Party), who was increasingly condemned by international community. Since then, Sino-Cambodia relations have been transformed from bitter foe to close ally. China is now a prominent actor in Cambodia's contemporary politics and economic development. To illustrate, Cambodia has been obtaining formidable amount of investment and aid package from China. Of equal significance, China is a key player in many core sectors, ranging from investment to aid and tourism.

While Cambodian government is applauding China's aid, citing that China is a good friend who provides Cambodia with huge assistance package without attached conditionality, there remain decries over the daunting nature and undue consequences lying behind China's no-string-attached aid. Skeptics are leery of Beijing's ultimate objectives and point out the perils of China's aid, arguing that it might downgrade governance, democracy, human rights, and encourage corruption. Additionally, critics contend that China's aid does not come without attached strings in actuality, but there are hidden agendas that could potentially attenuate independence of Cambodia's foreign policy.

1.2. Literature Review

The debate over Sino-Cambodia relations and China's influence over Cambodia's foreign policy have been raised and challenged amongst scores of local and foreign scholars as well as commentators in many academic literatures. A number of commentators and scholars have shared the consensus that Cambodia has fallen into China's charm offensive and that China has so far attained significant influence over Cambodia's political sphere because of the no-string-attached aid and investment (Chanboreth & Hach, 2008; Lum, Fischer, Gomez-Granger, & Leland, 2009; Heng, 2012; Greenhill, 2013; Ciorciari, 2013; Kurlantzick, 2007; Burgos & Ear, 2010).

In his book "Charm Offensive: How China's Softpower is Transforming the World", Kurlantzick (2007) indicated various charm offensive strategies that China has inflicted on Southeast Asia, and in part on Cambodia. China since 1990s has been conducting charm offensive diplomacy in Southeast Asia through the so-called "softpower"

or “peaceful rise” strategy¹, which helped China step up influence via the mean of trade, investment, aid and culture tools; and Cambodia finds no exception. He points out that China has waged its charm offensive in various aspects such as culture, diplomacy, participation in multilateral engagement and business actions abroad. In particular, Kurlantzick emphasized that prominent China’s influence could be witnessed in Cambodia through popular culture, language, investment, and aid. Through softpower, he argues, China has earned much of credential it needs to shore up influence in the region.

Peakdey (2012) argued that China has been proactively involving in Cambodia’s political, economic, and cultural aspects. He highlights the significance of aid, trade, and investment that China has implanted in Cambodia. Sharing similar standpoint to Kurlantzick, Peakdey briefly touches upon the societal and cultural influence of China in Cambodia. The weight of Chinese investment and aid in shaping Cambodia’s politics, as demonstrated in several cases, is quite noticeable. In line with this, he stresses that Cambodia is one of the strategic pearls in the so-called China’s “string of pearls”² in Southeast Asia; and this explains China’s proactive diplomacy endeavor to lure Cambodia. He finally concluded his paper arguing that China has become an important player in Cambodia through intensity of investment, trade, development assistance, military aid, and

¹ ‘Soft Power’ is a persuasive approach to foreign policy, typically involving the use of economic or cultural tools in order to a state to exert its influence in the peaceful way. China’s soft power entails four main policy instruments including “culture, charm diplomacy, trade and investment and foreign aid” (Cheunboran, 2009). ‘Peaceful Rise’ (*heping jueqi*) is the term coined by Zheng Bijian, the senior advisor to Chinese leadership, and has been used widely since then by subsequent leaders, especially President Hu Jintao. The term was utilized to refute against the “China threat theory”, emphasizing that “China would threaten no nation, even as it becomes a global power” (Kurlantzick, 2007).

² “String of Pearls” has meant establishing an increased level of influence along sea routes through investment, port development and diplomacy (Devonshire-Ellis, 2009). China Briefing. See figure 1 in Appendices

cultural interaction and that the future relations will be a positive sum game where both could reap the benefits as long as both countries work closely to ensure the win-win scenario.

Ciorciari (2013) maintains that Cambodia-China relation is a patron-client relation in which more powerful state provides financial incentive and protection to weaker state in exchange for diplomatic supports. In this sense, Cambodia has become the closest international partner and ally of China, especially in ASEAN (Ciorciari, 2013). China has given a great deal of incentives to Cambodian elites, and those elites are now more dependent on China than on the West. He ultimately concludes that the propensity thereof will increasingly take Cambodia-China relationship into “patron-client” pattern, which in turn exposes Cambodia to unnecessary predicament if the trend continues.

In entirety, the existing literatures put out earlier captured the broader aspects of Sino-Cambodia relations as well as the roles of China’s investment, trade, aid, and culture in general. These literatures laid out the importance of China’s investment, trade, aid, and culture in shaping Cambodia’s political landscape from nuanced perspectives. However, the afore-discussed literatures still consist of limitations given the unclear emphasis of aid’s influences on foreign policy. With that said, this paper will specifically examine the influence of China over Cambodia and factors that shape Cambodia’s foreign policy in relation to aid. In other words, the thesis seeks to examine whether the accusation stating that Cambodia’s foreign policy is susceptible to China’s aid is valid. Lastly, the paper will evaluate costs and benefits of the putative pro-China foreign policy and testifies if Cambodia’s foreign policy stance is a rationale one.

1.3. Definitions and Theoretical Framework

Foreign aid or foreign assistance takes very different forms, based on the nature of aid and provider. DAC (Development Assistance Committee) of OECD (Organization of Economic Cooperation and Development) defines foreign assistance as financial flows, technical assistance and commodities that are provided to promote economic development and welfare of recipient countries (excluding military and non-development assistance) and are provided as either grants or subsidized loans with at least a twenty five percent grant component (Center for Global Development, 2014). In addition, Riddell (2007) defines foreign aid as “all resources – physical goods, skills and technical know-how, financial grants (gifts), or (concessional) loans – transferred by donors to recipient(s)” (p. 17). Foreign aid and foreign policy are hardly separable, for foreign aid is the tool a country uses to achieve foreign policy objectives.

Foreign policy is generally referred to the behavior or strategy a state acts in relation with external actors. Foreign policy is composed of the goals sought, values set, decisions made and actions taken by states, and national governments acting on their behalf, in the context of the external relations of national societies (Webber, et al., 2002). Foreign policy analysis is a slippery and contested study which involves a variety of theories attempting to understand and interpret how foreign policy is made, who made it, who implement, how and what outcome. Given the purpose and scope of the paper, the analytical approach called *Foreign Policy Arena* will be reviewed and used as the core framework of analysis.

Foreign policy arena is an approach to FPA, which from a broad picture portrays the terrain on which foreign policy decisions are made and how actions are taken. Each terrain

has certain ‘topography’ which differs depending on foreign policy under study. Arena, however, presents potential resources available for the policy maker; those resources can be physical, human, political or economic in their nature (Webber, et al., 2002). Basically, foreign policy arena exhibits three main contexts: the international context, the governmental context, and the domestic contexts. According to Webber et al (2002), international context is the “international domain” from which opportunities and challenges for foreign policy arises. Various factors such as military, economic, political and geographic are important in understanding international context as they determine the hierarchies of power and influence in international politics. Second to foreign policy arena is the governmental context. Traditionally, foreign policy making is seen as confined to specialized experts and is not subjected to ‘normal politics’. Types of regime, decision makers and bureaucrats are all influential components determining government’s foreign policy behaviors. The third context revolves around the domestic politics. Foreign policy is often insulated from domestic political context to ensure consistency. Except in the times of major national crisis which affects the great mass, foreign policy is viewed as far-reaching by most people who are uninformed and uninterested (Webber, et al., 2002, p. 36). Other than political features of domestic context, constituting national identity or cultural characteristics are also influential to foreign policy provided that it determines state’s position in the world.

Within foreign policy arena, it is almost impossible to tear apart contexts and the three features: actors, issues and interests that give life and dynamism to the contexts. Foreign policy does not happen to exist on its own, it requires participation and actors to

formulate and implement. Of equal importance, issue reflects priorities of the foreign policy agenda each government places, and it determines resource allocation of each state. With regard to interests, survival and security are irreducible goals of states and usually stay at the core of national interests when formulating foreign policy (Webber, et al., 2002).

1.4. Research Questions

The research study is designed to respond to the following questions:

MQ: How has China's aid influenced Cambodia's foreign policy?

RQ1: Why does China seek to exert its influence over Cambodia?

RQ2: What are the factors that make Cambodia receptive China's aid?

RQ3: What are the costs and benefits of employing pro-China foreign policy?

1.5. Research Objectives

In tandem with research questions, this thesis is designed:

1. To discover the motivations that prompt China to allure Cambodia by providing formidable amount of aid.
2. To determine the predominant factors that make Cambodia prone to depend on China's aid and how those factors affect Cambodia's foreign policy stance.
3. To assess the costs and benefits of Cambodia's pro-China foreign policy and testify whether it is the appropriate policy stance Cambodia should uphold.

1.6. Significance of the Study

Given the increase in critics over China's aid and the so-called pro-China foreign policy, it is of great importance to approach this issue, for it allows foreign policy observers and the public to understand the current trend of Cambodia's foreign relations. Relevantly, the analysis of Cambodia's foreign policy by taking into account *endogenous* and *exogenous* factors will shed light for further academic research on Sino-Cambodia relations and to discern Cambodia's place in international politics so as to adopt foreign policy in the circumspect manner. More importantly, given that previous literatures have failed to dig down into the contextual frameworks which determine foreign policy formulation and calculation of the two countries, this thesis will utilize different level of foreign policy contexts to examine China's motivations in providing aid and Cambodia's motivations in receiving aid as well as their foreign policy behaviors. Finally yet importantly, it is said that Cambodia is in bad situation by being so dependent on China's aid. In this connection, this paper seeks to investigate if the accusation valid and why Cambodia needs to go to China for aid while it could receive aid from other donors. Furthermore, some policy recommendations will be provided in order for Cambodia to seek a well-balanced position in conducting foreign policy and to reap more benefits from the close relations with China.

1.7. Research Methodology

Qualitative in nature, the paper will employ various methods such as retrospect perspectives, content analysis, and interviews. On the conceptual account, an approach to foreign policy analysis (FPA) will be employed as the basis for the further interpretation. Moreover, both primary and secondary data will be utilized respectively to support the

arguments raised earlier. Primary data will be collected through in-depth interviews with independent scholars who command expertise on the topic. On the other hand, the secondary data will be garnered through both hard and soft copies of relevant literatures available in libraries and on the Internet. Given the scope of research and time constraint, unstructured interviews will be conducted with a few researchers or independent scholars to seek expertise comments. Secondary data will be accumulated through academic journals, books, eBooks, news articles, reports, working papers, and statistical documents available to date.

In order to examine the factors underlying China's foreign policy stance, the thesis will evaluate the level of influence China has achieved over Cambodia's foreign policy stance. From Cambodia's foreign policy end, three contexts, including international, governmental and domestic context, will be employed to analyze Cambodia's motivations and reactions toward China's aid and how those factors affect foreign policy formulation.

1.8. Scope and Limitations

The research study particularly focuses on verifying how Cambodia's foreign policy is shaped under the influence of China's aid. Put differently, the thesis will examine whether Cambodia is receptive to China's aid and whether this policy stance good or harmful to Cambodia. Regarding the time span of analysis, the research will focus on Sino-Cambodia relations dating from 1997 up to the present on the ground that the year 1997 marked the diplomatic resumption between China and CPP's government. The time span from 1997 to the present will allow the thesis to capture momentum events in contemporary relations, which have been transformed the relationship from enemy to strategic partner or

so-called ally. In respect to the analysis of Cambodia's domestic context, observation and content analysis will be employed due to the matter of approachability, budgetary and time-constraints which do not permit for the interview with incumbent officials and elite group to gain full insights of real scene behind the curtain.

1.9. Structure of Thesis

The conceptual introduction as well as background information vis-à-vis historical development of Sino-Cambodia relations will be presented in **Chapter I**. Next, **Chapter II** will point out China's motivations in providing aid by investigating foreign policy, strategies and instruments. The evaluation of how successful China's aid is influencing Cambodia's foreign policy will also be vested in chapter 1. Then, the analysis of Cambodia's foreign policy from international, governmental and domestic contexts will be elaborated in **Chapter IV**. **Chapter V**, in addition, will evaluate both costs and benefits of conducting pro-China foreign policy which is the result of Cambodia's dependence on China's aid. In this chapter, both socio-economic, political, and diplomatic aspects of foreign policy will be assessed accordingly to provide insights and testify whether upholding pro-China foreign policy is blessing or harmful to Cambodia. Lastly, **Chapter VI** will present the findings of the thesis along with academic recommendations for Cambodia's foreign policy stance to avoid possible predicaments resulting from unbalanced relations with China.

1.10. Ethical Issues

Since the topic tends to be politically sensitive to certain extent, it is crucial to ensure neutrality in interpretation based on scholastic manner to avoid bias and harmful effects on interviewees. Relatedly, the data interpretation and information analysis will ensure no manipulation on the data to achieve desired result. Additionally, the paper will assure that data interpretation, both from primary and secondary sources, is well acknowledged and presented in the trustworthy manner via thorough verification to ensure consistency. In overall, the ethical issues will be intensively considered during interviewing process, data analysis and interpretation. Acknowledgement will be carefully addressed to ensure accuracy, consistency and trustworthiness of the thesis.

CHAPTER II

CAMBODIA IN CHINA'S BROAD FOREIGN POLICY TOWARDS SOUTHEAST ASIA

Introduction

China's ascent to assume regional and global leadership is no longer mythical, and the emergence of China as the superpower has shifted the balance of power in the world politics where US hegemony has so far dominated. Into the second decade of 21st century, the roles of China as a prominent regional and global leader have increasingly unveiled. Rapid economic growth has enabled China to climb up the ladder to consume increasingly imperative roles in international arena. Evidentially, China emulated Germany as the biggest exporting country in 2010 and surpassed Japan to become the second largest economy in 2011; and according to an estimate China is likely to surpass the US economically in 2021 (Shaikh, 2011). Notwithstanding the mainstream argument maintaining that China is still a power in East and Southeast Asia, many have stipulated that China is developing to be a superpower (Liqun, 2010). In recent time, China is seen to be projecting greater influence across the world as far as its interests exist.

2.1. Southeast Asia in China's Foreign Policy

Nowhere is China's influence and assertiveness more compelling than in Southeast Asia. Sitting at the backyard of China, Southeast Asia is strategic as the underpinning of Beijing's influence projection. Southeast Asia has always been considered an outright

sphere of influence in the eye of Beijing. In contemporary context, Southeast Asia is vital to China in three aspects: traditional security, geopolitical strategy and economic concerns.

Viewing from realist perspective, China remains under a deep fear of invasion and encirclement by rivaling powers, especially through its immediate peripheries where China has always been endeavoring to preserve as the buffer zone. The most illustrative case is North Korea where China is determined to protect the regime's existence in order to maintain a security bulwark against possible attack. For Chinese leadership, Southeast Asia is likewise a main fore front where encirclement attempt could be made as evidenced through the attempt of the US and Soviet Union to contain China during the Cold War.

The collapse of Soviet Union and US's withdrawal from Southeast Asia relaxed to large extents China's fear of encirclement, paving the way for amelioration of relations and the creation of a security bulwark through the so-called 'ring of political friendship' on China's peripheries. As many Chinese strategists contend, Southeast Asia is the best terrain for China to break the US strategic encirclement and to hedge against possible fallouts resulting from the severity in Sino-US relations (Cheunboran, 2009). Moreover, Southeast Asia is a playground for China and Japan to exert influence in Asia and beyond. Close ties with Southeast Asia allows China to gain a trump card in competing with Japan to assume greater regional leadership as well as global influence projection. Furthermore, this improved relation ensures that Taiwan remains isolated and demotivated from any independence maneuvers.

Geopolitically speaking, China's influence projection beyond its border is refrained by major powers in three directions: Japan to the east, Russia to the north, and India to the

west (Cheunboran, 2009). Given the limitation of China's military and economic power, it would be a grueling mission to simultaneously exert influence over Central and South Asia where Russia and India are dominating. On top of that, regions like Xinjiang and Tibet are by no mean the ideal place for China's ambition due to separatist movements and malevolence.

Putting on cultural perspective, stepping up influence in Central and South Asia will never be tranquil mission because of the differences in culture, values and traditions. In comparison, China finds relative comfort in Southeast Asia which historically used to be under Chinese tributary system. More importantly, Southeast Asia is home to approximately 18-20 million ethnic Chinese, accounting for 80-85% of total oversea Chinese (Tong, 2010). These Southeast Asian Chinese are serving as the bridge between China and the region. As a result, Beijing is relatively confident and comfortable in projecting influence in Southeast Asia compared to other parts of its periphery.

In addition, Southeast Asia is the best starting point for China's global power ambition given regional stability and economic dynamism. Chinese leadership understands clearly that China's success in the new epoch largely depends on regional stability which is favorable for its development. Since 1990s, China's foreign policy to its neighbors, particularly Southeast Asia has shifted swiftly from alienation to peaceful coexistence and regional engagement. Its objectives mostly focused on sustaining a regional environment conducive to Chinese development and political stability (Kurlantzick, 2007; Jarvis & Welch, 2011, p. 34-35). As a source of natural resources and partner for trade and

investment, Southeast Asia is clearly a main driving force for China's economic modernization and development sustainability, especially in this transitional period.

Besides, Southeast Asia consists of many poor countries, especially in the mainland, where China could use lucrative economic windfalls to put in line. Helping these poor countries would maintain regional stability on the one hand and smoothen China's domestic development on the other hand. Through economic interaction with mainland Southeast Asia, China sees the greater opportunity of boosting economic growth in its landlocked Southwestern provinces such as Yunnan and Guangxi, mainly through access to the sea (Myanmar to the Indian Ocean, Cambodia through Laos to the Gulf of Thailand) (Cheunboran, 2009).

2.1.1. China's Foreign Policy Objectives in Southeast Asia

It might be onerous to foretell China's ultimate foreign policy objectives given the mixed picture of both hard and soft power, but its objectives towards Southeast Asia appear to be the overall strategic posture which intertwines security, political and economic aspects. In relation to foreign policy objectives, there are two prominent schools of thoughts explaining objectives of the (re)emerging China.

From realist perspective, China is largely regarded as a revisionist actor that emerges and will eventually seek to change the current international system constructed by the West. In the past decades, China has been seen as attempting to project its influence through Southeast Asia to entire Asia and finally to the world. As Robert Gilpin argues, a major objective of the rising states is to challenge the established hegemon and to change

the rules governing interaction amongst states to fulfill their 'unmet interests' (Gilpin, 1981, p. 33). In this sense, Chinese government will not be satisfied until it gains sufficient power to ascertain that other major powers command no equivalent wherewithal to refrain it from implementing desirable actions (Roy, 2003). As history unfolded, the rise of Germany and Japan flared up the two world wars, for they were unsatisfied with the then system of international relations, so there is reason to be afraid of the rising China.

On contrary, another strand of thought counters that China is a status quo power that seeks to just insert its own values and enhance its power in the existing system. Since early 1990s, especially after the Tiananmen incident and 1997 Asian financial crisis, China has been actively enunciating its intention to push for reciprocal cooperation with the region in an effort to paint a picture of benign power. China's pronouncement of softpower and peaceful rise strategy had eased significantly the fear of China's threat, paving the way for China to step up its influences in the region. China's commitment to peaceful rise, cooperation and consultation with the region could be witnessed through its willingness to engage in many regional multilateral frameworks such as ASEAN Regional Forum (ARF), the ASEAN+3 (APT) and the East Asian Summit (EAS). China continues to constructively engage with regional states and reveal intention for deeper cooperation which other powers hesitated to do. For instance, China signed the Declaration of Conduct on South China Sea in 2002 and was the first major power to sign Treaty of Amity and Cooperation (TAC) in 2003. On economic front, China embarked on establishment of ASEAN-China Free Trade Area (ACFTA) in 2000 and signed the Framework Agreement on Comprehensive Economic Cooperation in 2002. Through attentive engagement, it could be concluded that

China is a benign power who does not seek to replace the old international system but rather endeavors to create its own principles of relations in the existing frameworks.

As far as China concerns, it is neither a status quo nor a dissatisfied power, but a combination of both. In other words, the rising China has ‘limited aims’. For short and medium term, China’s foreign policy objectives remain largely concentrated on engagement and accommodation given staggering problems at home. In this regard, its current objectives in Southeast Asia could be categorized as: (1) maintain a stable political and security environment, particularly on China’s periphery, that will allow China’s economic growth to continue; (2) maintain and expand trade route transiting Southeast Asia; (3) gain access to regional energy resources and raw materials; (4) develop trade relationship for economic and political purposes; (5) isolate Taiwan through the pursuit of a policy China calls “using all economic and diplomatic resources to reward countries that are willing to isolate Taiwan”; and (6) gain influence in the region to defeat perceived attempts at strategic encirclement or containment (Cheunboran, 2009).

2.1.2. China’s Foreign Policy Instruments in Southeast Asia

In wielding influence in the region, China employs a mixed tools of soft power including cultural influence, public diplomacy, aid, and trade and investment. In modern Southeast Asian societies, the encounter of Chinese cultural practices and traditions is not uncommon, and China towns exist in many major cities across the region. These cultural influences are spread mainly by the approximately 20 million Southeast Asian Chinese with their economic and political imperatives in the region. Chinese entertainment contents, even originated in Taiwan or Hong Kong are well liked by people in the region. Chinese

soap operas, movies, music videos and songs are well known in the region, even amongst non-Chinese. No matters it is Taiwanese or Hong Kong of origin, those cultural contents carry with them Chinese cultural values which are conducive for Beijing to spread its cultural and ultimately economic and political influence in the region.

Another cultural tool China uses is the spread of Mandarin. Beijing has been trying to push for the use of Mandarin across the world, believing that the increase in Mandarin usage will bolster China's global influence. To date, China is sponsoring Confucius Institutes in many major universities across the world to encourage the study of Mandarin. There are now 400 of this kind of institutes across 100 countries worldwide (Xinhua, 2013). Moreover, Chinese Ministry of Education is actively promoting Chinese universities to attract foreign students and scholars to study and do research in mainland China. China also helps provide training to local Chinese teachers, dispatch Chinese teachers, fund Chinese-language classes and give away scholarship to many ASEAN students (Cheunboran, 2009). In 2014, China pledged to offer 15,000 quotas of government scholarships to ASEAN students (Xinhua, 2014).

Apart from cultural approach, China also uses public diplomacy³ to leverage influence in the region. Chinese public diplomacy contains five major objectives: publicize China's assertion to the outside world, form a desirable image of the state, issue rebuttals to distorted oversea reports about China, improve the international environment surrounding China and exert influence on the policy decisions of foreign countries (Kurlantzick, 2007).

³ Public diplomacy is the cultivation of public opinion through policy tools that states or governments can more effectively pursue their national interests (Aoyama, 2007).

China is now trying to push forward cultural exchanges, networks of informal summit like Boao Forum for Asia. In addition, China also pledges to establish more ASEAN-oriented education centers in China in the next three to five years (Xinhua, 2014). Besides, China also expands its media coverage to international level. For instance, it has upgraded the Chinese state media such as Xinhua, People's Daily or CCTV to enhance the quality of its broadcasting networks. With upgraded quality and contents, CCTV now expands its outreach to many countries. Today, CCTV is operated in four international channels that broadcast in English, French, Spanish and Chinese (Cheunboran, 2009).

Last but not least, China is using its sheers economic size to attract regional states. It is undeniable that Southeast Asia gains handsome benefits from China in terms of trade, investment, and aid. Cognizant of massive economic windfalls, Southeast Asian states has put aside the fear of China's threats and opt to ride China's wave. Through these windfalls, China could allure regional states to abandon historical antagonism and engage in win-win cooperation, and thus shore up its influences in the region. Since the establishment in 2002, trade between China and ASEAN increases twelve percent year on year. China is now ASEAN's largest trading partner, amounting up to \$210 billion in the first half of 2013; and ASEAN is the fourth most important FDI destination of China, accounting for \$30 billion of investment (CCTV English, 2013). Moreover, China is one of a major bilateral donors to many countries in the region including Myanmar, Laos, Cambodia, Thailand, Indonesia, Vietnam and the Philippines.

2.2. China's Interests in Cambodia

As part of China's broader Southeast Asia strategy, Cambodia receives close attention from Beijing given its pivotal position in the region (Burgos & Ear, 2010). Since 1997, relationship between Phnom Penh and Beijing have increasingly been tightened and deepened. Evidentially, in 2010 Cambodia and China signed the Comprehensive Strategic Partnership of Cooperation, which extended the cooperation to wider aspects ranging from trade to security. China is also a preponderant foreign player in Cambodia due to remarkable investment, trade, and aid disbursement. From 1992 to 2013, China's aid to Cambodia amounted up to \$2.7 billion in loans and grants according to Cambodia's Ministry of Finance (Sun, 2013). The following section will elucidate China's interests in Cambodia, specifically in the notions of strategic, political and economic.

2.2.1. Strategic Calculation

China's determination to move closer to Cambodia is primarily pushed by 'hard-nosed' economic self-interest and the pursuit of wider strategic goals in Southeast Asia (Bradley, 2009). In spite of Beijing's language of non-interference and respect for sovereignty, China's aid is by no mean free of conditionality, but the strings are attached in different ways. Putting on the strategic views, China's interests in Cambodia could be deciphered in the areas of security, domestic development and counterbalancing endeavor.

First, Cambodia's location is strategic for China in maintaining regional security and stability which are necessary for its domestic development. The alteration in the world politics and regional geopolitics in the post-Cold War era had shifted Beijing's world paradigm which under Mao leadership focused heavily on hard power. By providing aid for

development and strengthening cooperation, China gains leverage to increase its influence in maintaining economic and political stability in Cambodia so as to prevent any possible fallouts which could disrupt its interests in the region as well as domestic development.

From geopolitical end, Cambodia's unique location at the heart of mainland Southeast Asia with coastal line stretching out to the Gulf of Thailand provides China with desirable strategic access, known as the "string of pearls". Historical record revealed China's attempts to bring Cambodia in line. To exemplify, China had approached Prince Sihanouk very closely during 1960s; and from 1975 to 1979 China was the backing power of Khmer Rouge regime. Given that China is heatedly feuding over sea borders with several countries especially the Philippines and Vietnam, Cambodia's geographical proximity stretching to the South China Sea through the eastern Gulf of Thailand would enhance China's reinforcement response shall hostile confrontation arises. Between 2005 and 2007, China donated to Cambodia nine patrol boats and five warships which are now docked [at Ream Naval base] in Sihanoukville, southwest of Phnom Penh (Burgos & Ear, 2010). In addition, as part of the string of pearls strategy, China also helped develop port facilities at Sihanoukville Port (Devonshire-Ellis, 2009). In recent years, China has been increasingly providing military assistance to Cambodia, and those include military vehicles, weaponry, military helicopters and even airplanes. Despite the rhetoric of good-natured gesture arguing that the donation will help Cambodia strengthen its security and naval capacity against piracy, drug smuggler and territorial integrity protection, the real agenda, according to many commentators, is the attempt to build military bulwark against future threats that could impinge China's core interests in the region. Should sensitive

confrontation happens in the South China Sea, Beijing could possibly utilize the improved facilities in Cambodia to launch responses, earning China valuable time and effectiveness in operation. Besides, China is not yet a naval power in the blue water given the limited number of aircraft carrier in its fleet, thus China might need the improved Cambodia's port as a surveillance and gas-filling base during future military operations in the region (Burgos & Ear, 2010).

Of equal significance, there could be other three different security interests – energy security, food security and non-traditional security issues – China sees in relations with Cambodia. Outward-looking foreign policy strategy of China is motivated largely by the demand for energy to keep up with increasing domestic consumption of the growing economy. China became the largest global energy consumer in 2010 and is now the world's second largest oil consumer behind the US. According to EIA forecast, China will surpass the US as the largest net oil importer in 2014 (U.S. Energy Information Administration, 2014). To illustrate, China imported 5.4 million bbl. of crude oil on average, half of total domestic consumption in 2012. Annually, China consumes large amount of crude oil, LNG and coal, especially from the Middle East and Africa, passing through the South China Sea. Additionally, implying from oil crises, American wars in the Middle East as well as the Arab Springs which threatened global oil supply, Beijing understands clearly the vulnerability of overreliance on oil sources of unstable Middle East where the US's involvement remains overwhelmed. With that in mind, China launched the so-called 'oil diplomacy' in Africa, Latin America and even Asia to ensure necessary resources. Meanwhile, to ensure that national economy grows at full speed as domestic consumption

accelerates, China needs to protect by all means the energy sources from disruption. In this respect, Cambodia's location is a pearl China needs to ensure that energy could flow to China without disruption even if tension at the South China Sea flares up. To cement, China pledged to help build oil refinery in Kompot province, Cambodia (Khuon, 2013); and pipeline could possibly be built connecting Cambodian port through Laos stretching to China if situation deems appropriate.

Apart from energy security, China also needs Cambodia in strengthening food security. Since Chinese middle class has seen rapid increase and approximately 300 million more people are to be transformed into urban residence under the massive government urbanization plan, China will encounter food shortage in the years to come as farmers and farmlands decline. In 2011, China for the first time surpassed the US as the largest agricultural products importer (Bloomberg News, 2012), and import dependence increased from 6.2% to 12.9% with China's net trade deficit in agriculture and food, standing at \$31 billion in 2012 (OECD, 2013). The concern for food security and rapid decrease of domestic farmland have motivated Chinese government and investors to develop massive farmland in Laos, the Philippines and Cambodia (Hao & Chou, 2011, p. 4). With 32% of arable agricultural land (World Bank, 2013), Cambodia is a potential source for Chinese investment in producing agricultural products for export to China. Evidently, China is now a large stakeholder in Cambodia's agricultural sector.

Additionally, China needs Cambodia's cooperation in the aspect of combating non-traditional security issues such as terrorism, drug smuggling, trafficking in person, transnational crime and health issues. In May 2002, Chinese government issued a position

paper at the ARF outlining the necessity of improving cooperation on non-traditional security issues, such as terrorism, drug trafficking, HIV/AIDS, illegal migration and environment. Likewise, China signed onto three major UN drug conventions and hosted a meeting in Beijing in 2002, with UN Drug Control Program, as well as Laos, Thailand, Myanmar and Cambodia to discuss strategies to combat the issues (Economy, 2005). These developments indicates China's need to engage closely with the region to address non-traditional challenges. In 2013, in particular, Cambodian police arrested more than 70 Chinese nationals who were involved in telephone fraud in China following a complaint filed by the Chinese police (Xinhua, 2013).

Smooth economic development in the Western landlocked provinces is another main strategic interest China has in the entire mainland Southeast Asia. China's aid in Cambodia is mostly utilized in supports of infrastructure projects, especially hydro-electricity dams. To date, half of largest hydroelectricity dams are located in China, and China has the goal to produce 15% of overall energy output from renewable sources to reduce pollution burden generated from coal-generation power plants (U.S. Energy Information Administration, 2014). In China's part of Mekong River, several hydroelectricity dams have been under full operation, and any further construction would increasingly place ecological burden and vulnerability on the lower-stream countries like Thailand, Laos, Cambodia and Vietnam. A study indicates that 20% of Mekong water is originated in China during raining season, while the figure jumps to 70% in dry season (Economy, 2005); therefore, country like Cambodia is highly vulnerable to hydro dam projects in the upstream. In this connection, it is of paramount importance to keep countries

in the lower basin of Mekong River like Cambodia silent amidst China's activities. It should also be noted that several major dam construction projects, which involve Chinese companies both private and public owned, are being carried out in Cambodia. Through these, China manages to influence the former's decision in Mekong River Commission and refrain it from raising voice against China vis-à-vis sensitive issues.

Furthermore, China provides aid to support infrastructure projects such as roads, highways, bridges, railways, port facilities aimed at linking Cambodia to the neighboring countries. In 2006, China provided Cambodia with \$600 million loans to fund two bridge projects near Phnom Penh that will connect into a network of primary and secondary roads, and pay for a modern fiber-optic network connecting Cambodia's telecommunication with Vietnam and Thailand (Bradley, 2009). Of equal significance, China even embarked on big initiative such as the building of railroads linking major cities to the improved Sihanouk ports and enlarge Mekong River waterway to accommodate expected growing trade. Since 1992 China has been a key sponsor and participant in GMS (Greater Mekong Sub-region), covering a total area of 256.86 million square kilometers and a total population of approximately 350 million. GMS entails five Southeast Asian countries and two Chinese provinces in the Lancang-Mekong River Basin, including, Myanmar, Laos, Thailand, Cambodia, Vietnam and China's Yunnan Province and Guangxi Autonomous Region. The average annual increase of Yunnan's trade with the sub-region stood as high as 32.7% from 1992 to 2007. On investment area, Yunnan's investment in GMS countries has increased rapidly and GMS countries have become major markets for Yunnan's corporations – the sub-region is now Yunnan's major market for economic and technological cooperation (Li

& Kwa, 2011). The ultimate objective of China is to increase connectivity to cope with logistic problem challenging China's future economic development which is moving westward. With increasingly improved linkage to mainland Southeast Asia, Chinese provinces such as Yunnan, previously considered as backwater, are widely opened up for development prospects through increasing trade, investment and manufacturing exports to the region. By and large, China's sponsor for large infrastructure projects in Cambodia as well as in the sub-region will eventually benefit China's long-term development through provincial actors.

More than that, Cambodia is strategic to China's maneuver to counterbalance the influence in the region. One of China's interests in ASEAN is to wield influence to balance possible interference from external actors, especially the rivaling Japan and the US. The US has been the predominant power in Southeast Asia and East Asia for so long, but the shifting of US's focus on the region after Vietnam War had made its commitment to the region blurry. On contrary, since 1990s China has been proactively engaging with Southeast Asian states, gaining it valuable opportunity to shore up influence in the region, and peaceful rise strategy is potentially the strategic policy attempting to abrade American power in the region (Sutter, 2004). The return of the US in the war against terror reignited China's alarm. The language of "Asia Pivot", coined in 2009 by Obama's administration, has been discoursed and challenged heatedly, and the implication becomes distinctive to China as the US has been increasing its presence in the region through new engagement policy and invigoration of military partnership with some major regional players. Evidence of Chinese unease of American renewed engagement in the region remains, and some

Chinese commentators even contend that the US is using the War on Terror, following 9/11 attacks, to expand its strategy encircling China (Zhibing, 2004). Likewise, Japan, a close treaty ally of the US, has been a dominant player in the region given the level of ODA, trade and investment. China and Japan are historical foe and are wrangling heatedly in the East China Sea. Whatever interests they have, Southeast Asia is a strategic and important playground for both in terms of economic, political and security. Japan and China are competing to be the leader in the region, and each is seeking to maintain their own sphere of influence to protect the growing interests. These indicators signify the power politics relations in Southeast Asia where Cambodia is part of. In this sense, China with increasing leverage in Cambodia's politics might seek to reveal its hand so as to hamper possible intervention and reduce the influence of external actors like the US and its ally Japan in the region as outlaid in the 'four no's' of China's New Security Concept (NSC) coined in 1997 which include 'no hegemonism, no power politics, no arms races and no military alliances' (Roy, 2003).

2.2.2. Political Calculation

China's foreign policy has been dominantly shaped by normative values of non-interference and respect for sovereignty, as illustrated in the five principles of peaceful coexistence. With that said, Beijing is clear that territorial integrity and national sovereignty are the 'core interests' which are uncompromisable and must be protected at all costs. China is "willing to live in harmony with peoples the world over" (as Xi said) but "in matters that relate to sovereignty, territorial integrity, our attitude has been firm" (as Fang

said)⁴ (Tiezzi, 2014). On the political front, China is earning more and more friends to echo its non-interference principle and “One China Policy”. Beijing is seen to be keen on upholding these principles for two reasons. First, it is China’s attempt to prevent any unnecessary interventions and criticisms from international community led by the US regarding its internal affairs. Second, these principles allow China to stay firm when dealing with territorial issues such as Taiwan, Tibet, Xinjiang, South and East China Sea. In this light, China needs friend like Cambodia who is willing to pronounce active supports for Beijing’s principles. By providing development assistance to Cambodia, Beijing ensures that Taiwan remains insulated – something that Prime Minister Hun Sen is more than willing to do to please Beijing (Jeldres, 2003). For instance, Cambodia’s relations with Taiwan were severed in 1997 when China stepped in. The language of “One China Policy” appears frequently in official documents, and it is a popular phrase used by Cambodian broadcasting networks when it comes to the pronouncement of government stance towards the relations with China.

Besides, China needs Cambodia’s diplomatic supports in dealing with regional and international affairs. The world today is largely structured by multilateralism under international organizations and regimes. In most case, states – big and small – are given equal ground on “one country, one vote” basis. Taking UN (United Nations) as the example, states are reinforcing diplomatic relations with one another in an effort to gain support in particular issues they are lobbying for. It is a common practice where states are

⁴ The texts were quoted from a Xi Jinping’s speech celebrating the sixtieth anniversary of the Chinese People’s Association for Friendship with Foreign Countries and General Fang Fenghui’s statements during a recent press conference in Washington on 16 May, 2014 as appeared in Shannon Tiezzi’s article titled “China’s ‘Peaceful Rise’ and the South China Sea” on The Diplomat.

luring other states to gain supports in many international issues such as the competition for important positions in particular international organs. China, on its road to assume more regional and international responsibilities, is in great need of supportive votes, particularly at the UN. As a result, Cambodia with one equal vote is potential for China in case it needs certain diplomatic support. Furthermore, China needs Cambodia to be the interest-keeper in regional organization like ASEAN. As pointed out above, China has been proactively engaging with ASEAN in multi-dimensional issues involving economic integration, political dialogues, security consultations and social interactions. The engagement strategy of China in the region requires support from regional states. Cambodia is, in this sense, a friend who could convey China's intention through proposal, initiative and support. On the other hand, since China and some ASEAN members are wrangling in the South China Sea territorial dispute, China's interest would be to refrain ASEAN from reaching the united front against China when dealing with South China Sea dispute. China's stance in settling the territorial dispute with ASEAN members is to be based on bilateral mechanism where China has more weight to influence the negotiation outcome. More importantly, there is also a need to keep external actors like the US out of dispute because external intervention would jeopardize China's interests in the region. In this respect, Cambodia's membership in ASEAN is important for China to balance and prevent possible fallouts. To illustrate, Cambodia as the summit chairperson in 2012 released a statement, which is in line with China's interests, "not to internationalize the South China Sea from now on" (Symonds, 2012). Diplomatic support is also essential in bilateral relation. China might need Cambodia's allegiance in some sensitive issues. An illustrative case is the deportation of 20 Uyghur political asylum seekers back under Beijing's request in 2009 in the face of

Western criticisms. In short, Cambodia, albeit small, is a perfect ally that could give China likeminded supports in bilateral, regional and multilateral platforms.

One more but abstract interest China has in giving aid to Cambodia is building good picture, in an effort to reverse image of China's rise as a threat and to build a responsible actor image. In spite of increasing power, China's image is always in low profile due to the fear of red communism and the lack of international media coverage. In order for China to become a recognized regional and global power, it needs both soft and hard power. China's aid to Cambodia, in spite of sever decries, does help the latter develop its economy. China's Foreign Aid White Paper 2011 portrays clearly the purpose of China's aid – to strengthen self-development capacity, enhance peoples' livelihood, and promote economic growth and social progress of the recipient countries. The paper further advances that China's foreign aid is provided to bolster friendly relations and economic cooperation with other developing countries, promoted South-South cooperation and contribute to the common development of mankind (Information Office of the State Council, 2011). Amongst Chinese IR scholars, the use of foreign aid as a tool in order to project image of a responsible actor is actively debated. Many argue that China should continue to provide development aid as part of the south-south cooperation in order to raise its international image (Liqun, 2010).

2.2.3. Economic Calculation

Complementary to interests China has with Cambodia in broader ACFTA (ASEAN-China Free Trade Area), this section will elucidate the short and medium-term economic interests China has in relations with Cambodia. China's interests in the region as well as in

Cambodia entail a wide arrays. The most distinctive interest which China and Chinese investors see in Cambodia is the underexploited natural resources. China is in great thirst of natural resources such as timber, gas, oil, rubber, fertile farmland, and minerals including gold, silver and iron ore. To date, China demands, in greater amount, the important mineral ores such as iron, platinum, aluminum and precious woods, all of which are gravely critical for China's export processing industries. In September 2013, China imported as high as 74.58 million tons of iron ore, 15% increase compared to 2012. Besides, China consumed 42% of the world's copper trade in the beginning of 2013, and in the same year China depended on 60% of iron ore import for the country's steelmaking industry (Els, 2013). In Cambodia, China has invested mostly in garment, textile, agriculture and mining; and bulk of Chinese companies have obtained licenses to exploit natural resources across the country. To raise example, Chinese company, known as Cambodia Iron & Steel Mining Industry Group (CISMIG), is planning to build a \$1.6 billion worth steel factory in Preah Vihear province. In addition to mineral ore, China is also a large consumer of timber due to the surge in demand for luxury furniture. In particular, China imported a total of 3.5 million cubic meters of hardwood timber, almost half of which (\$2.4 billion worth) originated from the Mekong region – including Vietnam, Cambodia, Laos, Thailand and Myanmar (Environmental Investigation Agency, 2014). As discussed, food security is very worrisome to Beijing due to the concerns of rising global food price, scarcity and the decline of Chinese agricultural land. To some degrees, China needs Cambodia's vast fertile cropland to feed its people in the near future when urbanization plan achieves its momentum. Parallel to energy security strategy, Cambodia's prospect of underwater oil reserve of 700 to two billion barrels is palatable to energy-thirsty China. In 2007, China

National Offshore Oil Company (CNOOC) was awarded the exclusive license for exploration and production (Gough, 2007).

Besides natural resources, Cambodia's cheap and less protected labor is favorable for investors from China. Due to rapid social development and the increase in wage in China's eastern coastal provinces, many Chinese footloose and labor-intensive industries are moving to Southeast Asia, shifting China's competitive advantage from cheap labor. People under the age of thirty comprise 68% of Cambodia's total population, one of the largest youth population in Southeast Asia (UN Data, 2014). With considerable cheap, loose labor law implementation and the current minimum wage of \$110 in textile industry, Cambodia is economically an important investment destination where Chinese companies could exploit and gain handsome profits.

In addition to abundant and cheap labor, China sees Cambodia as both an export market and gateway to major export markets through the latter's status of preferential treatment. As part of China's wider strategy of 'going global' by exporting and investing in foreign market, China is attempting to export its products, largely to developing country like Cambodia given the demand for products with reasonable price. In spite of being small, Cambodia's emerging market could be promising for Chinese exports. In 2012, China's export to Cambodia amounted up to \$3.4 billion, ranked 7th amongst ASEAN countries (ASEAN, 2014). More importantly, Cambodia as an LDC receives different preferential treatment schemes such as MFN (Most Favored Nation), GSP (Generalized System of Preferences) and EBA (Everything But Arms). Through Cambodia, Chinese textile

companies who until now rely largely on contents imported from China could circumvent the rule of origin and export to major markets such as US and EU with preferential tariff.

Conclusion

China's strategies to influence Cambodia could be in different forms, and sometimes it is difficult to distinguish between aid and investment given their disguising nature and lack of concrete information. Whatever strategies China uses, it is perspicacious that China's stakes in Cambodia are of great significance; and those interests are largely interlinked in a big picture.

In overall, Sino-Cambodia relations and partnership since 1997 have been strengthened and deepened intensively in every aspects, especially since the establishment of Comprehensive Strategic Partnership of Cooperation in 2010. As evidences projected earlier indicated, China is a preponderant or influential player in many sectors in Cambodia ranging from trade to security. Chinese investment as well as aid are exponentially flowing into Cambodia. Visits of business delegates and government officials from both countries become more frequent than ever. In less than two decades, Sino-Cambodia relationship has developed to noticeable point where Cambodia is normally regarded as China's close ally in the region as Chinese military, economic, and political support appeared to be both generous and no-strings-attached.

It is highly obscure whether to which level is China successful in wielding influence over Cambodia, but the extent of success could be measured by comparing China's foreign policy objectives and what it has achieved. Concerning 'One China Policy', Cambodia is an

unswerving supporter of Beijing. Cambodia closed down Taiwan representative office in 1997 and does not even allow the existence Taipei Economic and Cultural Representative Office which still exists in some ASEAN countries. Very often, PM Hun Sen in his speeches in groundbreaking and closing ceremonies of major infrastructure projects sponsored by China's aid reiterates the closer relations with Beijing by emphasizing Cambodia's strong supports of 'One China Policy'.

Moreover, China is politically influential on Cambodia. For example, at the request of Beijing, Cambodia banned Dalai Lama from attending a Buddhism conference in 2002. Another case in point is the deportation of 20 Uyghur asylum seekers back to China. Notwithstanding US intimidation that such deportation will severe Cambodia-US relations, Cambodian government sent off those people back to China even without proper investigation, accusing them as illegal immigrants. In 2008 before Beijing Olympics, a group of activists attempted to protest against China's support for Sudan over Darfur by lighting Olympic-style torch outside Toul Sleng Museum – the dark strain of China's support for Khmer Rouge regime. In response, Cambodian police thwarted protesters away from the site, accusing the group leader of launching “a political agenda against China” (Ker, 2008 as cited in Ciorciari, 2013). Of great significance is the case of Cambodia's position towards the South China Sea issue during its 2012 chairmanship. Cambodia per se tried to endear China by putting down the issue of South China Sea from the April 2012. Even the issue was raised in July, Cambodia prevented Vietnam and the Philippines from inserting strong language against China during the 45th ASEAN Ministerial Meeting, causing the failure to release the Joint Communiqué. According to Dr. Chheang Vannarith,

“Cambodia does not dear to hurt China’s feeling or interests in the region, and even though China does not need to tell what to do, Cambodia itself is always aware what to do in order to protect China’s interests in the region.”

In terms of economic interests, it is obvious that China holds big stakes in Cambodian economy. Investing more than \$430 million, China is the top FDI source in Cambodia in 2013, accounting for 9.62% of total FDI inflow of that year (CIB, 2013). More importantly, Cambodian government has also provided special treatments to Chinese investors. For instance, Chinese investors own approximately 90% of textile firms and nearly all hydropower plants in Cambodia (Ciorciari, 2013). China is a dominant investor who received huge areas of land concessions, accounting for more than 186,000 of the roughly 360,000 hectares awarded to all foreign investors by 2011 (CDRI, 2011). With all parts connected, a clear picture could be drawn, and the conclusion is obvious that China’s approaches have been so far very effective in putting Cambodia in line with China’s policy concerns and interests.

CHAPTER III

CHINA'S AID AND FACTORS SHAPING CAMBODIA'S FOREIGN POLICY

Introduction

Small in size as well as political and economic power, Cambodia's foreign policy is largely seen as reactive, responding accordingly to the proactive foreign policy of big powers. Thus, it is unsurprising that Cambodia tends to react positively to China's extended reach. Embracing China, Cambodia has at least four major objectives. Firstly, China is an economic power and is a giant neighbor capable of either maintaining or destabilizing regional security. For survival and development, Cambodia cannot afford to forgo China as do most countries in the world. Secondly, Cambodia needs China to balance the relations with its two neighbors. In Cambodian leadership's perception now, as in the past, Cambodia as a small state must engage external powers in an effort to maintain national sovereignty and territorial integrity which had been humiliated by the two neighbors – Thailand and Vietnam – in the past. China shares no common border with Cambodia and is a big power, which Cambodia could ascertain that there would be no annexation over its territory by China. Thirdly, engagement with China, the permanent member of UNSC (United Nations Security Council), would furnish Cambodia with the legitimacy and diplomatic supports it needs in international arena. Last but not least, Cambodia sees the increasingly affluent China as a major source of national development through the provision of investment and aid.

Unambiguously, China is known to be one of the leading development partners in Cambodia in terms of trade, investment, and aid. Such close relationship is by no means a coincidental development. In fact, it is the natural outgrowth of contextual events that have brought the two to the convergent trajectory as seen today. To project its influence in Southeast Asia, China has been employing a wide array of instruments to charm regional states, particularly poor countries like Cambodia. As argued in the preceding chapter, China has been so far influential over Cambodia. Foreign aid, *inter alia*, is an effective tool China has been utilizing to elevate its clout over Cambodia that is seen to reveal explicit preference for China's assistance. In this light, the following sections will elaborate various factors which increasingly make Cambodia susceptible to China's aid.

3.1. International Context

To maximize interests and be successful, state must undertake foreign policy choices with a clear calculation of the realities of international system. States cannot be indifferent to international politics in today's world of globalization and connectedness. Concerning international context, there are three factors which beguile Cambodia into the attraction of China's assistance.

3.1.1. Power Relations and Economic Realities

Needless to say, China with increasing political and economic power is emerging as a distinctive pole in international system amidst the decline of US's predomination. The rising China is seen to use economic windfalls to buy more friends or even allies to uplift its influences in an effort to protect its interests in the region. Building alliance in the region is an implicit intention of Beijing's softpower strategy toward the region, and Cambodia is

amongst the targets where China's influence has resulted in great success. Coupled with rapid military modernization, China is obviously a major power which cannot be forgone in today's world politics. China's extended political outreach could be palatable for many small states that are not satisfied with the intrusive foreign policy of traditional actors like the US.

On economic end, it is undeniable that China will eventually surpass the US as the top economic power. To illustrate, China has more money in foreign reserves than Brazil, Russia, India and South Africa combined. In addition to \$8.3 trillion domestic economy, China had \$5.94 trillion in external financial assets in 2013 according to the State Administration of Foreign Exchange (Forbes, 2014). Holding \$1.25 trillion of treasuries in 2013, China is the largest creditor to the US accounting for 11% of American total debts (Kruger, 2013). Given the economic interdependence in the new epoch of global economic system, China's enormous economic power erects significantly its political influence. Unsurprisingly, China could use its economic power to reward or pressure others, even major powers, as far as its interests concern.

In a big picture, China's political and economic prowess is on the trend of convergence if historical incidences are absent. Sensing the future tendency, most countries are engaging closely with China in political, economic and even security aspect. With this prospect in mind, Cambodia avidly fathoms the benefits with the belief that China will be a good partner and source of finance for country's future development through massive economic assistance and reliable sovereignty guarantee. Cambodia is not the only country to open its arms wider welcoming China's largess; other Southeast Asian countries akin are

allured by China's economic windfalls. However, level of proneness is different due to the nature of domestic politics and power structure.

3.1.2. Security Cooperation Prospect

Concerning security issue, both Cambodia and China share common fear of strategic encirclement given the history of foreign intrusion and humiliation. Historically, Cambodia, like China, had attempted strenuously to avoid encirclement by hostile neighbors. As discussed, it is evidential that China's fear of encirclement from Soviet Union and the US, while Cambodia is leery of its two neighbors' intentions.

There is the evidence of counter-encirclement in Sino-Cambodia security cooperation, especially during the Cold War when China provided active military supports to Prince Sihanouk's regime in the 1950s and 1960s and later to Khmer Rouge regime in the late 1970s. However, the contemporary Sino-Cambodia relationship involves relatively modest security motivation. This trend stems from two underlying factors. First, today's relationship is not as that during the Cold War when the use of hard power and ideology competition overrode the agenda of foreign policy. Second, it is China's own softpower strategy that pushes economic cooperation to harness its image of the dark legacy. Unlike in the past, China now relies mainly on economic heft to build influence and enforce allegiance. Cambodia-Thailand conflict is a good case in point. During the conflict, China remained silent toward the issue given its relatively lukewarm ties with the Thai military since the end of Vietnam War. Shall Cambodian leaders seek China's explicit security patronage, disappointment would have turned out (Ciorciari, 2013). Nonetheless, Cambodian leaders might have understood this logic quite well by not requesting explicit

supports from Beijing. Arguably, what Cambodian government needs from China is “implicit security guarantee” (Dalpino, 2005 as cite in Ciorciari, 2013, p. 21) through finance, technology and equipment to modernize the RCAF (Royal Cambodia Armed Forces) in order to balance with its neighbors and alternatively for PM Hun Sen’s political power consolidation. China, with increasing military prowess, is a descent source of military supports due to the fact that other foreign partners appear hesitant to do so. China is now the leader in terms of military supports to Cambodia. For instance, China provided 257 military vehicles, two MA60 airplanes to Ministry of Defense of Cambodia in 2012, and in 2013 China delivered 12 Z-9 military helicopters purchased under \$195.5-million Chinese loan, signed in 2011. In 2014, China provided 26 military trucks and 30,000 set of military uniforms to RCAF (Xinhua, 2014). Besides military equipment, China has reportedly funded a military institute known as Combined Arms Officer School Thlok Tasek at Kompong Speu. More importantly, Cambodian minister of defense Tea Banh revealed the plan to send 400 military and civilian personnel to study and train in China in 2014 (Phorn, 2014). These evidences suffice to draw the importance of China’s assistance in Cambodia’s security aspect – mainly through implicit supports.

3.2. Governmental Context

Governments are often seen as the unitary actor in conducting foreign policy of a country because it is the only representative of the state in international arena. Foreign policy is thus highly isolated from public and is restricted for small group of specialized elites. Different type of government possess different type of foreign policy making body. For example, in more autocratic systems, small group of executives and top decision

makers ensure a tight control of foreign policy (Webber, et al., 2002). In this case, three factors in governmental contexts, such as convergent norms and values, regime type and leaders' perceptions and bureaucrats' influence, will be examined to indicate how those factors shape make Cambodia inclining to China's aid.

3.2.1. Convergent Values

Closer Sino-Cambodia relations could also be attributed to the natural outgrowth of the common values both governments find in dealing with international issues, and those are non-interference and respect for sovereignty. To some degrees, Sino-Cambodia partnership has been constructed on the so-called "Five Principles of Peaceful Coexistence" where China's foreign policy, including 'softpower' and 'peaceful rise' strategy, has the root from. China's Five Principles of Peaceful Coexistence are enunciated to embrace the five explicit values, such as mutual respect for territorial integrity and sovereignty, non-aggression, non-interference in others' internal affairs, equality, mutual benefits, and peaceful coexistence (Richardson, 2010). Richardson further advances that despite the presence of small and big powers, the changes in regime in Phnom Penh, the shift in international environment, China's stance has been reasonably consistent. Provided that Cambodia's sovereignty and territorial integrity have been historically violated, such issues have become a sensitive issue for Cambodian leaders and general public. The sensitivity of national sovereignty has often been used as political propaganda, and past events have unveiled Cambodian leaders' firm hold on the matter of sovereignty. The pronouncement of sovereignty and territorial integrity protection has been entrenched in many important

documents such as national constitution, National Strategic Development Plan or Rectangular Strategy of the government.

Although the rhetoric of unconditional aid and respect for sovereignty is widely seen as the soothing language blanketing implicit *quid pro quo*, these principles at least give Cambodian government the sense of respect which it needs to paint a good image amid the public. Cambodian government normally proclaims its outright control of state's sovereignty and reject all accusation of being puppet or client state. To illustrate, PM Hun Sen said angrily in April 2012, "What I hate and am fed up with is [the] talk about Cambodia working for China and must be under some kind of influence." Cambodia was "not going to be bought by anyone", he added (Vaughan, 2012). On the other hand, China is adept in dealing with Cambodia and thus does not bother to mess up with domestic politics. As former Chinese Ambassador to Cambodia posited, "China supports Cambodia to develop its economy independently and with its ownership" (Xinhua, 2011). In this manner, Cambodia sees China's principles as consistent and respectful, while traditional donors who often impose conditions for fealty reforms are viewed as intrusive and too vocal. In addition, commonality in historical experiences of imperialism and the consequences of sovereignty deprivation, to some degrees, have pulled Cambodia and China close together (Richardson, 2010).

3.2.2. Regime Type

China reportedly provides aid mostly to poor authoritarian states with poor human right records, lack of rule of law and less transparency on the ground that Beijing could earn the heart of elites and gain easy access to step up influence. For instance, China has

been providing billion dollars of aid to recipients who are willing to receive and come in line with Beijing's interests. On the other hand, unconditional China's aid is attractive to authoritarian regimes because it appears respectful of national sovereignty (Lum, Fischer, Gomez-Granger, & Leland, 2009).

Since democratic election in 1993, Cambodia has been struggling on the tortuous road to democracy. However, the process to consolidate democracy is never unchallenging. Given the lack of rule of laws, rampant corruption, widespread patronage networks and executive usurpation of power, Cambodia is often labelled as electoral-authoritarian (Un, 2006). In 2012, Cambodia ranked 100th in terms of democracy and was labeled as 'Not Free' in terms of civil and political rights in 2013 according to Freedom House (The Economist Intelligence Unit, 2013; Puddington, 2014). Political deadlock, a series of violent crackdowns on popular demonstrations and the increasing pressure on civil and political rights downturn Cambodia's democratization process. Within this context, unconditional 'authoritarian aid' from China is perceived as the most favorable source of finance CPP's government needs in order to advance its political agendas. There are three main possible reasons which drive Cambodia to be receptive to China's aid, therefore.

First, the explicit unconditionality of China's aid provide Cambodian government safe haven against Western and multilateral institutions donors' (termed as traditional donors from here on) criticisms and pressures for fealty reforms. Whenever criticisms or pressures for reforms fall from traditional donors, China undertakes symbolic steps to voice its political support for CPP's government and increase aid to offset the losses of aid suspension from those donors (Ciorciari, 2013). Following the 1997 coup, for example, PM

Hun Sen's government was severely pressured and condemned by Western powers. On contrary, China rejected to join condemnation and extended its economic and political support to Cambodia. Beijing provided PM Hun Sen with an immediate \$10 million loan, and six months later, China delivered \$2.8 million worth military equipment to Cambodia (Ciorciari, 2013). In 2006, when Western and UN donors pressed CPP's government to draft and enact the long-waiting anti-corruption law, China stepped in by providing \$600 million in aid (Kazmin, 2006), and responding to the US's suspension of military aid in retaliation for Cambodian government's controversial deportation of 20 ethnic Uighurs to China in December 2010, China provided 257 new military trucks as well as 50,000 military uniforms to offset US's aid (Cheang, 2010). Against this backdrop, CPP seized the opportunity and increasingly embraced China to maintain its political prowess. Now, Cambodian government, who has always been unhappy with Western reprimands, appears unwilling to accept the language any longer, for China is pouring tremendous aid to Cambodia than all other donors combined in recent years (Brinkley, 2013).

Second, the priority of China's aid on infrastructure projects aptly mesh with Cambodian government's priority. Suffering from decades of civil wars, peace and stability are the prime concern of people. CPP's government deciphers these concerns clearly and manage to marshal its legitimacy by propagandizing the achievements it made in finding peace, maintaining stability and building social infrastructures such as roads, bridges, schools or irrigation systems. These activities won CPP consecutive landslide electoral victory from 1998 through 2008, except the 2013 election where CPP lost bundle of seats to the opposition party, CNRP. At a groundbreaking ceremony for China-funded expansion

of a major national highway in February 2012, PM Hun Sen praised China publicly stressing that China shows “respect” for recipient country and that “China always responds to projects judged to be Cambodia’s priority” (Ciorciari, 2013). China has so far funded ample of infrastructure projects across Cambodia. In April 2013, Beijing provided Cambodia with \$48 million in grants and \$500 million in soft loans, mostly for infrastructure projects which will help Cambodian government pave additional 400 kilometers roads (Sok, 2013). Besides, in a groundbreaking ceremony for National Road No. 6A enlargement, PM Hun Sen acclaimed, “To date, China has built tar-paved roads in a total length of more than 2,000 kilometers in Cambodia, making China the largest donor in road development in Cambodia.” Also, seven other large and small bridges across several rivers have been and are being constructed under Chinese funds (Xinhua, 2013).

Third, unconditional Chinese aid has enabled CPP to consolidate its power built on patron-client networks. The Cambodian state is structured by “interlocking pyramids of patron-clientelism networks” where CPP’s networks, the successor of the former Communist Party of Kampuchea, were built throughout 1980s and consolidated during the 1990s, and through various compromises and coalitions, these networks become more intertwined and complicated (Un, 2006). Even today, CPP’s political power depends largely on the financial arrangement flowing through these networks. CPP has managed to use this well-grounded networks and the control of Chinese support to repress political dissents out of the play field. (Ciorciari, 2013). In addition to that, Beijing has been indifferent and more than willing to accept the status quo as long as Cambodia does not hurt its interests. The influx of China’s aid and willingness to engage in corrupt practices

help CPP consolidate the patronage networks given the “no strings-attached” and the absence of concrete scrutiny from Beijing. Thus, pressure for fealty reforms, respect for human rights, rule of laws and complicated procedures required by traditional donors appear less alluring to the government, for it would possibly uproot CPP’s political power built on such corrupt arrangement.

3.2.3. Leaders’ Personalities and Bureaucrat Influence

Cambodia’s foreign policy formulation process is largely seen to be undemocratic, relying on small elites and specialized experts in making decision. As a result, leaders and his circles are all the principle actors in forging foreign policy decisions. In the last three decades, PM Hun Sen who had fought through many political turbulences and opponents, remains the central figure in Cambodia’s political landscape. It does not matter whether international community including China like it or not, PM Hun Sen is the only focal person they all have to engage in every aspect concerning Cambodian issues. In this connection, PM Hun Sen becomes so prominent in Cambodia’s domestic politics as well as foreign policy (Long, 2009).

In the case of Sino-Cambodia relation, there are at least four possible factors that have shaped the perceptions of Cambodian leaders, particularly PM Hun Sen, in relations with China. First, China’s attitude toward the past events, especially political crises, have shaped how Cambodian leaders perceive China. To PM Hun Sen, international political support offered by China following the 1997 coup de force fell on the critical time when his government faced both the problem of assistance suspension and legitimacy caused by international condemnation. China’s assistance and recognition allowed PM Hun Sen to

weather the political cloud in the wake of the July crisis because it helped his government sustain aid suspension from Western donors and maintain legitimacy. Another strategic but less obvious event was the role of China during the run-up to national reconciliation in 1998, which was largely ascribed as the victory of PM Hun Sen's "Win-Win" Strategy. The improved relations with Beijing drew two clear implications for the breakdown of Khmer Rouge. First, the turn-away of China weakened Khmer Rouge political resistance, opening up the opportunity for negotiation and surrender of Khmer Rouge's ranks. Second, the reduction in military assistance downgraded Khmer Rouge's military capability (Long, 2009). Moreover, it was alleged that Beijing provided a large sum of money to Kieu Samphan, Ieng Sary and Noun Chea in order to persuade them to defect to Phnom Penh government. Hence, it is arguable that the victory of Hun Sen's "Win-Win" Strategy due largely to China's undue supports. China's attitude in the time of crises, including the supports China have provided when criticism fell from traditional donors, might have shaped his perception to uphold the belief that Beijing is a reliable actor large enough to help him stand firm through the strong winds in the future ahead. Implication of China's gesture was clear, it would support whoever in power as long as its interests are protected. Sensing the opportunity, PM Hun Sen made a strategic move by putting aside the past antagonistic sentiment and embrace China to precipitate his power consolidation through China card.

Second, the strategic calculation also contributes to leader's perception in moving close to China. The ripe for China's comeback provided PM Hun Sen an alternative strategic trump card he could play in maintaining his power and balance with Hanoi's

domination. Vietnam's influence, especially on CPP's ranks, had been dominant given the subsequent years of control it had over Cambodia after ousting Khmer Rouge out of power in 1979. Now, as in the past, Cambodian leaders are always leery of Vietnamese intention over Cambodian territory; and the antagonism entrenches deeply in Cambodians' mindset. China's extended hand was the good opportunity which PM Hun Sen could use to distance from Hanoi and seek a new balance, wiping out the accusation of being Vietnamese puppet.

Third, the long duration in incumbent position has enabled Cambodian leaders to build personal relations with Beijing and in part with Chinese leaders. In particular, PM Hun Sen is one of the longest serving prime ministers in the world and has assumed the sole premiership since 1998 if the premiership position in various coalitions (from 1985 to 1998) is not counted. Foreign minister Hor Nam Hong alike has been in power since 1998 (Severino, 2006). On the one hand, such long serving period of Cambodian leadership gives China a favorable terrain for interaction which built on the well-grounded channels. On the other hand, routine contacts and interactions throughout this period give Cambodian leaders a good opportunity to build good relations with Chinese officials and thus become comfortable engaging with China. The contacts are reinforced by historical relationship between China and King Sihanouk who had built strong tie with Beijing since 1950s.

Fourth, it is the convergence in values (Asian values) which are translated in respect as well as predictability of mutual relations that paint a favorable picture of Sino-Cambodia partnership in leaders' perception. China's concomitant principle of 'non-interference' and respect for sovereignty, as discussed in the international context, are in the first place attractive to Cambodian leaders. By not receiving condemnation or being given lessons,

Cambodian leaders feel the sense of mutual respects from China. PM Hun Sen often reiterates in public the respects China gives to Cambodia. “China is a big country, but it always respects the decision of other countries,” he rebutted again accusation that China influenced Cambodia on South China Sea issue during its 2012 chairmanship. “With other [donor] countries, if Cambodia does not abide by them, they threaten to cut the assistance,” he added (Lewis, 2012). In addition, the treatment Cambodian leaders receive while visiting China is even more important. It is discernable that warm welcome has **always** been provided to Cambodian leaders or officials when visiting China, and this is due largely to cultural factor of Asian countries. In most visits, indeed, PM Hun Sen brings home with lucrative gifts from China. For instance, during his state visit to Beijing in 1999, PM Hun Sen received roughly \$218.3 million interests-free loan, which claimed to be the largest China’s assistance to any foreign country (Long, 2009), and the most recent case in point was his week-long visit to Shanghai as part of CICA (Conference on Interaction and Confidence-Building Measures in Asia) participation in 2014. It is reported that China had promised to donate \$112 million to Cambodia and provide an additional \$33 million in concessional loans – the funds which will be used to sponsor the construction projects prepared for 2023 Southeast Asia Games in Cambodia (Phorn & Henderson, 2014). Moreover, unlike traditional donors whose foreign policies witnesses the fluctuations in course due to the change in leadership as normally happens in democratic countries, China’s foreign policy is known to be consistent through time given the autocratic nature of Beijing’s regime. This consistency gives Cambodian leaders the predictability which eases the interaction and helps the leaders to develop accommodative behaviors.

In relation with bureaucrat influence, the correlation is not clear given limited data and inapproachability. However, to certain degrees the perceptions and advices of bureaucrats also shape the intensity of relations. Routine exchange visits of state-level, provincial and defense officials have witnessed the remarkable increase, and Chinese delegation is known to be the group frequently visiting Cambodia⁵. Increase in contacts has created intimacy in interaction between both counterparts. Additionally, more Cambodian officials are sent to study and train in China. The friendship is also elevated due to the fact that China has offered Cambodian officials the favorable bargain by providing enormous economic and political benefits with no condition for reforms (Ciorciari, 2013). As a result, Cambodian officials appear to be comfortable in dealing China compared to traditional donors who require complicated paperwork and procedure. This development translates into the comfort and positive perceptions Cambodian bureaucrats have on China, paving the way for intensification of relationship.

3.3. Domestic Context

Apart from international and governmental context, directions of the policy are also shaped by domestic politics in the intertwined manner. In this section, two variables of domestic context, namely interest groups and public opinion, will be examined. This section will argue that interest groups, especially business group dominated by Chinese or Cambodian Chinese, and the reluctance of public opinion have profoundly influenced Cambodia to be receptive China's aid.

⁵ The compilation of visitations of Chinese delegates could be found on Union Group Website: <http://sunnyunion.com/en/?Menu=9&isSch=0&BigClass=21&SmallClass=0&keyword=&p=1>

3.3.1. Interest Groups

In Cambodia, interest groups are influential business people building their fortune through personal networks surrounding prominent politicians, especially from CCP. Though less influential in general foreign policy decision, those business people command relatively imperative roles in Sino-Cambodia relations. Given that Cambodia's politics is largely built on patronage networks, private economic sphere becomes necessary for politicians to maintain power, and relationship between interest groups and government institutions is crosscutting via the flow of bribe arrangement. Some business people hold important positions in the government, and promotion or title (like Oknha) could be bought.

As demonstrated, Cambodian Chinese contributes prominent share of the country's economy, and foreign investment tends to flow in through this network given their existing capital and ethnic linkage. These prominent business people include tycoons such as Ly Yong Phat and Lao Meng Khin (Heder, 2010 as cited in Ciorciari, 2013). In addition, in recent decades there is the surge of Chinese FDIs, making Chinese the largest investor in the country. Some of Chinese investors are given Cambodian nationality and assume positions in government such as advisor or Oknha.

To date, Chinese financial contribution to Cambodia's economy is significant. From 1994 to 2012, Chinese FDIs accumulated up to approximately \$9.1 billion, representing 35.6% of total FDI in Cambodia (CIB, 2014). The importance of their stakes in country's economy, positions in governmental institutions as well as power generated through patronage networks have enabled these groups to become influential actors in lobbying the

government to maintain close ties with Beijing due to handsome benefits gained through Chinese aid and investment.

3.3.2. Public Opinion

Putting on cultural view, Chinese is one of the main ethnicity in Cambodia, amounting up to 700,000 according to Chinese Association in Cambodia (Xinhua, 2014). Chinese culture and traditions have rooted in many aspects of Cambodian society – including language, education, food, media and belief and festivals (Heng, 2012). For example, Chinese New Year is widely celebrated across Cambodia though it is not designed as national holiday of the nation. “Chinese New Year is the second largest new year celebration in Cambodia after the Khmer New Year...Nearly all Cambodian people celebrate the Chinese New Year,” said Samrang Kamsan, a secretary of state at the Ministry of Culture and Fine Arts. “Even those Cambodians who have no Chinese descent also celebrate the Chinese New Year because they believe that the celebration will bring them luck, wealth, and happiness throughout the year,” argued By Sokong, a researcher on culture and Khmer language at the Royal Academy of Cambodia (Xinhua, 2014). Unsurprisingly, the fears derived from legacy of China’s involvement with Khmer Rouge regime does not prevent Cambodians, both Chinese decedents and non-Chinese, from engaging with mainland China given lucrative economic opportunities. The spread of Chinese values and traditions in Cambodia has generated the accommodative underpinning for Cambodian government to maintain close relations with China on the ground that there is no significant anti-China sentiment in Cambodia. Though public opinion in recent time

has been shaped by civil society groups that have become more vocal and critical of China's influence, the level is still limited, exacerbated by the government's pressure.

Besides, it should be noted that to Cambodian public, China is preferable compared to Vietnam due to historical antagonism. More importantly, public opinion tends to be reluctant toward country's foreign policy due to limited education and understanding. Illiteracy in Cambodia, despite decent progress, still stands as high as 30%, ranking number 158 out of 205; and the number of graduates from higher education remains very limited given that school life expectancy sets to be 11 years (The World Factbook, 2014). This education setting limits the understanding of foreign policy amongst public as well as the ability to shape the policy. Clearly, given that close engagement with Beijing does not encounter stark opposition from people, and even from opposition party. Therefore, government finds more comfort in interacting with China.

Conclusion

Drawing from these arguments and evidences, there are various factors which motivate Cambodia to embrace China rather than traditional donors. To reinforce, it is a combination of various factors which makes Cambodia move closer to China, and pro-China foreign policy is the beholden behavior Cambodia wants to show to endear China in exchange for further assistance. Cambodia is a small country whose foreign policy is limpidly reactive; therefore, its foreign policy attitudes could largely be understood as the response to China's embarkation. China's assistance is lucrative and vital to Cambodia, making the propensity of dependency more obvious. However, it does not necessarily indicate that Cambodia is a proxy or client state of China given the fact that Cambodia still

maintains optimal freedom in maintaining good relations with other players, including China's rivals like Japan or the US. Rather, this proclivity is the convergent point where China's and Cambodia's interests meet. In other words, China is willing to provide assistance to Cambodia to marshal its interests, while Cambodia enchants China through its pro-China foreign policy so as to receive more aid and maximize its interests. However, such proclivity of proneness to China might bring Cambodia closer to the arrangement of unfair exchange.

CHAPTER IV

EVALUATING CAMBODIA'S PRO-CHINA FOREIGN POLICY

Introduction

As discussed in the preceding chapters, China has been successful in projecting its influence over Cambodia. Lucrative aid, reinforced by trade and investment, is the instrument China employs in alluring Cambodia. This development creates the political economic situation which prompts Cambodia to depend on China's aid and consequently be beholden to Beijing as witnessed through the conduct of pro-China foreign policy. States always seek to maximize its interests in relations with others, and rationality lies largely in cost-benefit analysis. In this conjunction, to conclude whether Cambodia is rational in its foreign policy stance, the section seeks to assess the benefits and costs Cambodia incurs as the result of the implementation of the so-called pro-China foreign policy.

4.1. The Benefits

Both Cambodia and China are the benefactor of this close bilateral relationship. Until recently, Cambodian government encounters no major opposition from domestic politics, and even opposition parties appear reluctant to criticize China directly. There are a wide range of benefits Cambodia could reap from its close ties to Beijing.

On the strategic end, it is discernable that Cambodia has reaped benefits by maintaining close ties with Beijing. In terms of sovereignty and territorial integrity, Cambodia receives the outright assurance from Beijing as postulated in the convergence of

values of Five Principles of Peaceful Coexistence as well as China's concomitant policy with regard to stability and security in the region. As clearly pronounced by Beijing, the principle of "non-interference" and respect for sovereignty remain central to China's foreign policy. Moreover, close tie with China also serve as the strategic success of balancing Cambodia intends to place in the relations with the two neighbors. Of great importance, Hanoi's dominant influence on CPP has been largely reduced and balanced, though not at all obsolete. The case in point is the South China Sea issue where Cambodia tends to consider interests of China rather than those of its old friend, Vietnam. In security aspect, Cambodia has been benefiting from a great deal of military assistances provided by China in the recent years as demonstrated in the above sections. Though explicit security supports are absent, implicit supports through military aid, inter alia, have allowed Cambodia to upgrade its military capacity against possible threats, while this area of support has been avoided by other donors.

Putting on the economic aspect, the benefits Cambodia has earned by showing ardent supports to Beijing are crystal clear. Though marked as the late comer, China is now one of the leading aid provider to Cambodia, amounting up to \$2.7 billion from 1992 to 2013. Of vital importance, the priority of China's aid focusing on the development of infrastructures has helped Cambodia improve remarkably primary and secondary infrastructures, which are indispensable for the country's economic development and growth. More than that, bilateral trade which was negligible years ago has gained momentum in recent years. For instance, total bilateral trade amounted up to \$3.6 billion in 2012 compared to \$57.3 million in 1995 and \$732.8 million in 2006 (ASEAN, 2014; Hao,

2008). In terms of investment, China remains the top FDI investor in Cambodia, investing in garment and textile, mining, hydropower and agriculture. In the face of accusation driven by corrupt practices and labor rights violation, Chinese investment, particularly in textile industry, has emboldened country's export and create jobs for young Cambodians, helping Cambodian government tackling short-term socio-economic problems of unemployment. Through close government-to-government relationship, more embarkations on investment projects such as steel production, automotive and other core industrial sectors have been raised. Also, the surge in Chinese tourists is a new prospect for Cambodia's tourism sector.

Concerning legitimacy, pro-China foreign policy has allowed Cambodian government to build prestige or internal legitimacy amid its people. In other words, close relation with Beijing helps boost up government's image perceived by the people. Until recently, interaction with superpower like China means that Cambodian government is conducting the right foreign policy which allows the country to engage with big country on equal footing. Cambodian government often emphasizes the respect and equal footing in relation with China in order to reiterate the rightful directions of country under PM Hun Sen's leadership. In 2013 during Chinese Foreign Minister Wang Yi's visit in Phnom Penh, government spokesperson Mr. Phay Siphon said, "China helps Cambodia to have an equal footing with others like the neighboring countries in terms of economics, in terms of independence in our foreign policy and in terms of neutrality." This is the common language government uses describing its relations with China to the public. In addition, infrastructure projects awarded through China's aid and the rapid development driven by influx of Chinese investment help the government marshal up legitimacy through the

soothing propaganda stressing upon peace, stability and development delivered by the rightful policy of the government. In addition, China's wherewithal support for 2012 Cambodia's Chairmanship or the funds provided for the construction of stadium and sports facilities for 2030 Southeast Asian Game have bolstered significantly government's image in that success in hosting such major events adds more credits to the government and leadership.

With regard to external legitimacy, China's recognition coupled with principles of 'non-interference' and respect for sovereignty offers the important international support the government is in need of as such in the case of 1997 crisis and the current political deadlock. More importantly, China has been amongst the first country to congratulate the victory of CPP in national elections since 1998, and even in the controversial 2013 election, support also fell from China applauding CPP's success. To illustrate, during August 2013 visit in Cambodia, Chinese Foreign Minister Wang Yi showed the support for CPP's government and said, "China will continue to thoroughly support the Royal Government in order to ensure stability and economic development and peace." Besides, Cambodia also benefits from China's diplomatic support. Reportedly, China casted its vote in support for Cambodia when it stood to compete for non-permanent member seat at UNSC.

4.2. The Costs

Apart from impressive benefits Cambodia gains in relation with China, the relationship has begun to yield noticeable costs as well. As China becomes more assertive in protecting its core interests and as more confrontation flares up, Beijing is increasingly

demanding more from its close friend. Underlying costs have manifested in several facets including economic, aid dependence, domestic political problems, and diplomatic costs.

Ironically, economic development benefited through close ties with Beijing operates on the expense of Cambodia in the long run. Simply as it looks, Cambodia suffers from trade deficit with China, and Chinese products are flooding Cambodian market. In 2012, Cambodia's import from China was the largest, accounting for 34% of \$11.23 billion total import, while Cambodia's export to China accounted for only 2% of \$7.43 billion bilateral trade between Cambodia and China (ASEAN, 2014; Ministry of Commerce, 2014). Worse than that, low quality and harmful products made in China are also flowing into Cambodian market due to the demand for cheap consumer goods as well as ineffective quality control system. Besides, aggressive exploitation of natural resources by Chinese companies, who hold large share of economic land concessions and mining licenses in Cambodia, propels rapid destruction of natural resources. Exacerbated by the lack of transparency and corrupt practices, favorable treatment given to Chinese companies as part of the deference to Beijing causes the significant loss in national budget and prompts public opposition (this will be discussed in the following part). In terms of investment, Chinese footloose investment in textile is not a sustainable choice for development. For example, Chinese investment accounts for 90% of textile and garment industry – the export pillar of Cambodia. However, China benefits more from this tendency because most raw materials are imported from China directly, and this is not much of help to local economy. Favorable treatment given to Chinese investment and China's willingness to engage in corrupt practices downgrade the broader investment environment and create barrier for other

foreign investors who are scared off by rampant corruption, paving the way for domination and monopoly. Furthermore, infrastructures built by Chinese companies under Chinese funds are notorious for bad quality and involvement in corruption. Most projects are funded under concessional loans which Cambodia needs to pay back within certain period. With fragile quality triggered by corruption involvement, constructed infrastructures cannot ensure reliability and longevity. As a result, Cambodia does not receive what it pays for, wasting tax money and resources. Accumulative debts will accrue high as time passes by, putting heavy burden on country's fledgling economy and the later generations will have to bear greater debt obligation if infrastructures do not yield enough return to offset the initial investment.

On the large picture, China's aid does bring positive impacts on Cambodia's socio-economic development through improvement of infrastructure and connectivity. However, aid is not as beautiful as it looks and tends to push Cambodia into aid dependence thresholds. It is unambiguous that Cambodia is enjoying China's assistance because of the absence of explicit strings attached. This unconditional assistance, which does not require the respect for human rights and fealty democratic reforms like being imposed by democratic donors, international institutions, and private lenders, is exacerbating the lack of accountability and corrupt governance across developing world (Corrales, et al., 2009). In other words, by being too reliant on China's easy money, Cambodia starts to turn its back against traditional donors whose aids are attached with conditions for democracy, respects for human rights, fealty reforms and transparency. This easy money has spoiled Cambodian government's commitments to embrace democracy, rule of laws, and reforms. In addition,

Chinese military aid, which goes to antidemocratic security forces, is used as the political weapon consolidating individual leader's power. This has made Cambodia a democracy in reverse. Of equal importance, aid dependence hampers Cambodia's ability to achieve self-sustainability in development. Ear (2013) suggests that aid dependent distorts the incentives to develop sustainably because the important roles played by international donors prevent Cambodia from taking control of national development. As democracy is expensive, transparency and accountability are sensitive, and reforms are pernicious for elites, China's aid has heartened government to develop the comfort zone, demotivating initiative for self-sustained growth.

Diplomatic predicaments are also bound to rise as China becomes more assertive and demands for more policy allegiances from its ally, Cambodia. Putting it differently, the autonomy and independence of Cambodia in formulating foreign policy is shrinking in space, especially when China's interests are at stake. In particular, the deportation of 20 Uyghur asylum seekers in 2009 spoiled the relations between Phnom Penh and Washington. Similarly, Cambodia received severe criticisms from many international organizations including UNHCR against its action. Former Chinese President Hu Jintao, in a March 2012 meeting with PM Hun Sen, advanced a four-points proposal in Cambodia-China relations. The first three points were simple, focusing on strategic communication, economic and trade cooperation as well as security cooperation, but the fourth point was noticeable. Hu said:

China and Cambodia should manage to make "multilateral coordination closer, strengthen mutual support, and strengthen communication, coordination and cooperation" within the frameworks of the United Nations, East Asia cooperation, the ASEAN Regional Forum and the Greater Mekong Subregion Economic Cooperation

to safeguard the common interests of the two countries and those of other developing countries (Ministry of Foreign Affairs of PRC, 2012).

In April 2013, PM Hun Sen and Chinese President Xi Jinping agreed to put forward the establishment of “inter-governmental coordination committee”, and first meeting was held in December that year. The two countries also agreed to “enhance coordination and cooperation in international and regional affairs.” As Ciorciari (2013) aptly put, “the term ‘coordination’ is a step beyond any expressed rhetoric of the past and suggests China’s interests in using its clout to shape Cambodian diplomacy on a wider range of issues.” Furthermore, by acting as China’s spokesperson in ASEAN, Cambodia risks its credibility as a member and downgrades ASEAN unity. Cambodia’s ardent support for China in the issue of South China Sea during its 2012 chairmanship has painted the dark stain on the country’s reputation, for such stance and proneness to China has made the picture of Cambodia as China’s proxy clearer than ever. Largely, endearing China through foreign policy allegiance has cost Cambodia reputation in international arena as well as the independence and freedom in its action.

Last but not least, pro-China foreign policy has increasingly generated domestic political problems. As discussed, Chinese investors received preferential treatment as Cambodian government shows more deference to endear Beijing. As the largest holder of economic land concessions, mining licenses and hydro dam construction projects, Chinese companies have been closely linked to illegal land grabbing, destruction of natural resources, deforestation and human rights abuses. These social issues have become the sensitive topics in Cambodian domestic politics, posting challenges to the CPP’s

government. Accordingly to LICADHO, a vocal Human Rights NGO, 2.1 million hectares have been leased to private companies, and 400,000 people have been victimized by land disputes since 1993 (cited in Ciorciari, 2013). The most prolonged and controversial case is Boeung Kak Lake project which was granted to Shukaku Inc. of CPP senator Lao Meng Khin, which is implicitly backed by several Chinese companies. Boeung Kak Lake project has forced 150,000 families out in eviction, and reclamation activities have inundated people's houses in the surrounding vicinity as well as some parts of the city since the lake is the largest natural reservoir of the city. Another case in point is the proposed construction of Stung Cheay Areng dam in Koh Kong province, which fueled indigenous residents' and the environmental groups' protest (Pye, Eco groups slam Areng dam, 2014). The project reportedly involves the powerful couples Senator Lao Meng Khin and his wife Choeung Sopheap, the owner of Pheapimex, whose name are listed as third-party governors of Sinohydro (Cambodia) United Ltd, the affiliation of Beijing-based world's largest hydropower developer Sinohydro (Pye, Power couple linked to Sinohydro project, 2014). Coupled with the issues of poverty, inequality and social injustice, illegal land grabbing, forced eviction, deforestation, destruction of natural resources, the lack of transparency in environmental impacts assessment caused by Chinese companies have compelled constant protests and public outrage, deteriorating government's image and public trust. The situation has also brought on Phnom Penh criticisms from donors, national and international NGOs. Of parallel, the opposition party has been adept to use such sensitive social issues to evoke public frustration to earn popularity for the election. As a result, CPP lost the absolute victory in 2013 parliamentary election while CNRP managed to gain remarkable seats. Series of popular protests spurred by unsatisfied garment workers and

land-grabbing victims continued to storm main roads in Phnom Penh, demanding for change several months after election. Witnessing the increase in social disparity, rampant corruption, lack of rule of laws rapid deforestation triggered by CPP's circles, people start to question the rightfulness of government's policy, threatening ruling party's popularity and future political stance.

Conclusion

In short, pro-China foreign policy benefits Cambodia in a wide array including strategic balance, security, rapid economic growth, internal and external prestige, and international supports. However, benefits seem to be at the surface. Given the patronage system of Cambodia's political system, benefits are preserved for elite circles and are not channeled down to the mass population. As costs began to rise, benefits cannot compromises the losses Cambodia is incurring and might incur in the future. Evidentially, such foreign policy has cost Cambodia's economic potentiality, reputation, autonomy, independence, social harmony and prospects for sustainable and self-sufficient growth. As costs are bound to surge, Cambodia will remain inferior and suffering relentlessly if such foreign policy direction prevails without contingencies to bring in balance.

CHAPTER V

CONCLUSION

5.1. Research Findings

The dark legacy of China's connection with Khmer Rouge does not hamstring Cambodia and China to strengthen and deepen mutual relations. As the matter of fact, China's strategies to Cambodia could be attributed to its broader strategies conducted in the entire Southeast Asia. Aid, inter alia, is one of the effective foreign policy instruments China has employed to step up influences and buy supports from Cambodia in various aspects ranging from security to political to economic. As China's assistance continues to increase, the tendency that Cambodia is too reliant on China is becoming apparent. Such proclivity is the natural outgrowth of various factors that have increasingly propelled Cambodia into the orbit of China.

Considering international context, power relations and economic realities as well as prospect for security cooperation are the two major factors that push Cambodia closer to Beijing. Increasing political and economic power make China even more powerful. Cambodia, as a small state, cannot afford to forgo China that could provide diplomatic supports, guarantee of sovereignty as well as financial assistance for the country's development. From security cooperation prospect, Cambodia sees unconditionality of China's assistance more favorable given the hesitation of other donors.

Viewing from governmental context, Cambodia's proneness to China's aid could be attributed to three factors: convergent values, regime type and leaders' perceptions and

bureaucrats' influences. Shaped by Five Principles of Peaceful Coexistence, Cambodian government may find China's approach of 'non-interference' and respect for sovereignty in providing aid consistent and comfortable. In respect to regime type, Cambodia whose democracy is fragile is attracted to Chinese easy money in three ways. First, unconditionality of China's aid provide the shield against undesirable criticisms and pressure to uphold fealty reforms which are destructive to political power of the ruling party. Second, priority of China's aid in infrastructure projects allows the ruling party to step up its propaganda, building the ground for internal legitimacy. Third, the lack of transparency and China's reluctance to forestall corrupt practices provide the ruling elites with lucrative benefits and ability to solidify political power. Leaders' perceptions and bureaucrats' influences mark another factor of governmental context. Direction of Cambodia's foreign policy is largely shaped by a small circle of elites, especially the Prime Minister and Foreign Minister. Attitudes of Beijing toward the past political crises Phnom Penh have faced; leaders' strategic calculations; long duration of serving mandate; and convergence of values as well as predictability in China's actions are all the possible factors that draw good picture of China in Cambodian leaders' mindset which ultimately shape their foreign policy decisions.

With regard to domestic context, the stance Cambodia takes in favor of China is driven by the influence of interest groups and non-resisting public opinion. Prominent business people, most of which are ethnic Chinese, and Chinese investors who benefit from close Sino-Cambodia relations and aid arrangement play important roles in lobbying the government to move closer to China. On top of that, accommodative and uninformed

public opinion triggered by the absence of anti-China sentiment, entrenched Chinese values and traditions as well as education level of people gives Cambodian government the favorable terrain to steer foreign policy direction in favor of elites' interests.

Drawing on the big picture, it is the combination of various factors within international, governmental and domestic contexts that have created the favorable underpinnings for Cambodia to move closer to China. However, it is rather the factors within governmental and domestic contexts that push Cambodia into China's orbit and become so reliant – prompting Cambodia to adopt foreign policy that is in line with Beijing's interests. To put it in a different way, aid is the underlying *quid pro quo* in exchange for ardent and unswerving supports that Cambodia needs to pay back to China. Until recently, Cambodia manages to reap significant benefits from its close relations with China, but as dependence on China's aid deepens, costs start to surge exponentially. As serious calamities Cambodia might face by doing China's bidding are on the rise, cautions and the balance of interests and consequences of being too prone to China is what Cambodia should take into account.

6.1. Policy Recommendations

As dependence on China's aid and propensity of pro-China foreign policy continue to grow, predicaments challenging Cambodia are lying ahead. In order to avoid possible calamities and maximize the benefits from China's aid, this paper seeks to provide several policy recommendations Cambodian government might need to take into consideration.

At the time being, China is the best trump card Cambodia could hold because Cambodia-US relations have been overwhelmed by the issues of human rights and democracy which Cambodia cannot afford to realize at this stage. Japan is a decent player that has been engaging with Cambodia's peace building since 1993, but what refrains Cambodia to deepen relations with Japan is the fact that Japan is a democracy that is not powerful and decisive enough and that it remains under the US's wing. ASEAN, on the other hand, is a paper tiger or talk shop without real power. This organization, albeit the principle of consensus, remains dominated by the rich members while poor members remain the backwater. Cambodia in this sense is strategic in moving close to China as this movement would serve both short and long-term interests of the country. First, China could provide immediate assistance Cambodia needs in building the country. Second, by revealing allegiance to Beijing, Cambodia can be the spotlight within ASEAN and amongst major powers like the US and Japan, allowing it to benefit from this competition through the flow of assistance. Put it differently, Cambodia is attempting to play the hedging game with superpowers while seeking a balance, but the success remains to be seen. This game is of great risk if Cambodian government is not capable enough to take control. However, domestic political issues and current political economy have pushed Cambodia deeper into China's orbit, making it hard to balance. While short-term interests compel Cambodia to incline to China, long-term interests prompt it to seek balance. Both short-term and long-term interests should always be complementary, and thus Cambodian government should not be overwhelmed by short-term interests while putting long-term interests at utmost risk. To seek a balance, Cambodian government should not be too reliant on China's aid. As history indicates, putting all the bids in one power will generate catastrophic outcomes.

Small country like Cambodia should diversify the relations with as many countries as possible and push for further engagement in multilateral platforms in order to boost up the image of neutrality by creating a fair play field for all. At the meantime, Cambodian leaders should be visionary and be capable to balance to use short-term interests as the stepping-stone to achieve long-term interests.

Second, political reforms, albeit expensive, must be undertaken seriously in order to wipe out corruption and put Cambodia back on track of democracy. Transparency and accountability are the best alternatives Cambodia must uphold if it wishes to reap more benefits from China's aid and ensure effectiveness of foreign aid in entirety. Patronage networks on which Cambodian elites build their political power are perilous as benefits of foreign aid, especially from China, are not trickled down and distributed in equitable manner. This propensity might propel further political, social, and economic issues in the years ahead. Comprehensive reform is onerous in the current situation given that it requires political willingness which Cambodia politicians are lacking of, yet it is a must if Cambodia wants to move forward. One way to effectively reform is to enhance participation of civil society, youth as well as political parties. This is important in two ways. First, suchlike participation could enhance Cambodia's reputation while putting democratic institutions at work. Second, strong public opinion could serve as the pretext to balance the relations with China while rejecting unequal exchange. With strong public opinion, Cambodian government could be vocal in bargaining with China over sensitive issues on the ground that the country's foreign policy be refrained by public opposition. More importantly, improved democratic record is the opportunity that Cambodia and the

US as well as other major democracies could reinforce relations given the demise of constraints derived from human rights issues and democracy. The sole problem to reform is power structure and interlocked patronage system entrenched in Cambodia's politics. Shall these issues are broken through, foreign policy which is rather shaped by democratic forces, not a small interest group, will be rationalized in favor the national interests.

Third, besides playing the hedging game that allows Cambodia to benefit through increasing aid flow, Cambodia has to embark on a more self-sustainable economic model to avoid aid dependency and to stand on its own. Getting aid is a short-term goal, but having a sustainable development is a long-term goal which government has to focus on. Without a sustainable model, government's legitimacy will be ultimately questioned, leading to social unrest and protests. As mentioned, easy money will downgrade the government's incentive to take control over the country on its own, thus Cambodia should never continue to be a beggar. If the government does not want to be pressured from aid suspension, the only way is the stand firm on its own feet. Foreign aid in this sense should be utilized for the purpose of sustainable growth by investing in profitable sectors such as education and infrastructures which are important for the entire economy. Rapid economic development could uplift Cambodia's autonomy in setting foreign policy direction which promotes its interests. Self-sustainability enables Cambodia to build national strength based on distinctive identity and thus to be insusceptible to foreign influences. In short, Cambodia's foreign policy is susceptible to foreign influence because the country is weak and poor, but Cambodia could be free from unnecessary influence and manipulation once the country is rich and strong.

Finally yet importantly, as a small country, Cambodia should be flexible but active in putting forward initiatives in its foreign policy. Proactivity and flexibility could earn Cambodia credibility and allow it take control over possible fallouts. Rather than being reactive, Cambodia should be flexible in suggesting initiatives which bring about breakthroughs to major stalemates in regional and multilateral frameworks. For example, given close ties with Beijing, Cambodia should act as the intermediary between ASEAN claimants and China to at least bring disputing parties to negotiation table rather than remaining silent in the dispute of South China Sea. Being silent does not mean neutrality, it is rather seen as the bidding Cambodia does for China. To the contrary, embarking on initiative might not mean that Cambodia is moving away from China.

In overall, calamities Cambodia is facing are the result of intertwined economic and political issues prevailing in the domestic setting. The solutions are likewise interlinked, requiring commitment and clear vision of leadership. In current situation, China exerts its influence over Cambodia through economic windfalls, especially aid it provides. Once Cambodia is economically strong, China or other powers can no longer influence the neutrality of its foreign policy decisions. For example, Singapore is a small state yet maintain effectively autonomy due to its economic prowess. This is the lesson Cambodia should never overlook.

Appendices

Figure 1: China's "String of Pearls" Map



Source: Heng, P. (September, 2012). *Cambodia-China Relations: A Positive-Sum Game?*. German Institute of Global and Area Studies, 57-85.

Table 1. Cambodia's Top 10 Bilateral Donors from 1994-2012

N.	Country	ODA (USD)	Percent (%)
1	Japan	2,035,570,000	26.966
2	United States	940,990,000	12.466
3	China*	931,244,281	12.337
4	Australia	642,010,000	8.505
5	France	563,520,000	7.465
6	Germany	463,050,000	6.134
7	Sweden	349,500,000	4.630
8	Korea, Rep.	336,000,000	4.451
9	United Kingdom	311,530,000	4.127
10	Canada	148,640,000	1.969

Source: CIB/CDC, 2014

Table 2: Cambodia's Top 10 FDI from 1994-2012

N.	Country	FDI (million USD)	Percent (%)
1	China*	9,175.60	35.627
2	Korea	3,161.81	12.277
3	Malaysia	2,614.49	10.151
4	United Kingdom	2,429.39	9.433
5	Thailand	1,497.98	5.816
6	United States	1,289.78	5.008
7	Taiwan	931.98	3.619
8	Hong Kong	758.74	2.946
9	Singapore	731.97	2.842
10	Vietnam	651.97	2.531

Source: CIB/CDC, 2014

Table 2: China's aid to Cambodia from 2004 to 2014

Year	Budget Amount (USD)
2004	15,852,500
2005	21,659,986
2006	23,477,381
2007	72,402,381
2008	76,977,531
2009	99,026,329
2010	142,566,101
2011	184,664,303
2012	294,617,769
2013	282,156,464
2014	256,671,900

Source: CIB/CDC, 2014

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