Cambodian Perspective on the Belt and Road Initiative

Vannarith Chheang and Heng Pheakdey

Introduction

China’s Belt and Road Initiative (BRI), which consists of the Silk Road Economic Belt and 21st-Century Maritime Silk Road Initiative, is an international cooperation platform that significantly shapes domestic development as well as the foreign policies of President Xi Jinping. The BRI is the key vehicle for China to exert economic statecraft and expand its economic and political presence in the Eurasian continent and the Indo-Pacific. Southeast Asian countries have responded to the BRI to varying degrees. Some have embraced the initiative, while some have expressed support with caution. Some countries are concerned that the power asymmetries coupled with excessive economic dependence on China might limit their foreign policy options and strategic maneuverability. As will be shown below, Cambodia is one of the countries in Southeast Asia (SEA) most supportive of the BRI, mainly for economic reasons, especially the potential boost that the BRI may give to its infrastructure development. In addition, the warm political relations between Cambodia and China also lubricate Phnom Penh’s backing for China’s scheme.

Cambodia is one of China’s oldest and closest friends in Southeast Asia. Bilateral relations have a long history that can be traced back eight centuries when a Chinese diplomat paid a visit to Angkor City in 1296. After decades of relations that fluctuated up and down during the Cold War, contemporary ties between Cambodia and China have reached a new economic and political zenith. China is now Cambodia’s top foreign investor, a major donor, and an increasingly important trading partner. While Sino-Cambodian bilateral ties seem like a win-win situation, this chapter argues that Cambodia is facing a number of challenges which need to be tackled if the country wishes to maximize the benefits of the BRI, specifically the agreements signed under the BRI (see Annex 1).

The paper offers an analysis of the opportunities, risks, and challenges of the BRI and offers a future direction for Cambodia so that it can take full advantage of the
BRI as it develops. This paper has three main parts. The first part gives an overview of Cambodia-China relations. The second part discusses the potential opportunities flowing from collaboration under the rubric of the BRI and the third part analyzes the risks and challenges that Cambodia is likely to face from such cooperation. The chapter concludes that ensuring that the BRI produces a win-win outcome requires strong leadership and an accountable government with a long-term vision of achieving sustainable development. Shared responsibility, multi-stakeholder partnership, and collective leadership should be the guiding philosophy to realize the vision of the BRI.

Overview of Cambodia-China Diplomatic Relations

Cambodia is one of China’s oldest and closest friends in Southeast Asia. Sino-Cambodian cultural and commercial relations have a long history and can be traced back centuries. During this thousand-year-old friendship, China’s foreign policy strategy toward Cambodia changed from time to time. For example, during the 1960s, China lent its patronage to King Sihanouk. From 1975 to 1979 it financially and politically backed the Khmer Rouge regime led by Pol Pot, who was responsible for the killing of about two million people during its rule. Between 1979 and 1990, China continued to supply the Khmer Rouge, then ensconced along the Thai–Cambodian border, with weaponry even after the regime fell from power. The involvement of China in the Khmer Rouge regime, however, has been gradually forgiven—but not forgotten—as China is now the main supporter of socio-economic development of Cambodia.

After Cambodia’s first general election in 1993, the winning parties formed a coalition government consisting of the National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia (FUNCINPEC) party led by King Sihanouk’s son Prince Norodom Ranariddh and the Cambodian People’s Party (CPP), led by Hun Sen. Prior to 1996, China provided patronage to Prince Ranariddh but later withdrew its support because of the Prince’s close relationship with Taiwan. In 1997, Hun Sen ousted his Co-Prime Minister Prince Ranariddh. Despite international condemnation, China recognized the government led solely by the CPP and provided the victorious Hun Sen with significant amount of financial aid. Since then, a series of high-level visits, accords, and collaborative endeavors between the
two countries have helped to strengthen their bilateral relationship. Nevertheless, some critics accuse Chinese investments and aids of exacerbating corruption, environmental degradation, and human right violations.⁶

Presently, the bond between Cambodia and China is at its peak. China is Cambodia’s top foreign investor, a major donor, and an increasingly important trading partner. Exemplifying this, at the bilateral summit commemorating the 60th anniversary of the Cambodia-China diplomatic ties in January 2018, both sides committed to working toward “a Cambodia-China community of common destiny with strategic significance,” continuing to maintain close high-level contacts, enhancing the role of the inter-governmental coordination committee, coordinating defense and law enforcement sectors at all levels, accelerating the implementation of the “Belt and Road Initiative,” and strengthening coordination and cooperation within the frameworks of the Mekong-Lancang Cooperation, Association of Southeast Asian Nations (ASEAN)-China Cooperation and other mechanisms. Cambodian Prime Minister Hun Sen stated:

Over the past 60 years, leaders of the two countries have made efforts to maintain the friendship and overcome obstacles in order to lead the countries and citizens toward progress, prosperity, and harmony […] Cambodia commends the positive and fruitful outcome of the bilateral cooperation achieved previously and Cambodia is highly committed to enhancing the scope of our relations under Cambodia-China Comprehensive Strategic Partnership of Cooperation to a new height for the benefit of our people.⁷

For China’s part, Chinese President Xi Jinping wrote to the Cambodian King that both countries have exchanged high-level visits, “with the political mutual trust constantly enhanced and cooperation on the Belt and Road Initiative yielding remarkable results.” He added, “Attaching great importance to the development of China-Cambodia relations, I hope that both sides will continue to make joint efforts, carry forward the traditional friendship, deepen mutually beneficial cooperation and jointly build a China-Cambodia community of shared future of strategic significance, so as to achieve common development and prosperity.”⁸ Premier Li Keqiang opined in Khmer Times on January 9, 2018 that, “Our similar historical experience and common struggles have brought our peoples firmly together. A friend in need is a friend indeed. This is our shared belief. We have given each other mutual support
throughout the years when it comes to issues concerning our core interests, major concerns and principles of national dignity, sovereignty and independence.”

Deep political trust, strategic convergence, and common economic interests are the foundations of the bilateral relationship and the key factors that have formed Cambodians’ positive perceptions, particularly among governing elites, towards China’s foreign policy initiatives. Prime Minister Hun Sen has defended China’s presence in Cambodia in response to mounting criticism from the opposition movement and some civil society groups and grassroots communities. Cambodia has been accused of being a client state or vassal state of China. Prime Minister Hun Sen said, “I would like to assure the public and send this message to the world and the Cambodian people that I will not allow China to occupy Cambodia.”

The United States (US) has raised concern over the possibility of China’s military bases in Cambodia. The Embassy in Phnom Penh even perceives that Cambodia has lost its sovereignty and independence to China. In its public letter in July 2019 that, “Any steps that weaken Cambodia’s independence or open the door to a foreign military presence in Cambodia would be of serious concern to the United States and could threaten the credibility and centrality of ASEAN. We urge Cambodian leadership to maintain its constitutional commitment to an independent foreign policy and actively protect Cambodia’s independence for future generations.”

In terms of more concrete indicators of their close political relations, both countries have supported one another with respect to various domestic and international matters. Looking at Cambodia, the country—in particular, Prime Minister Hun Sen—among the member states of ASEAN—is the most loyal to the “One China” policy and a vocal supporter of China’s 2005 anti-secession law that Hun Sen describes as “highly necessary to the cause of China’s national reunification.” Cambodia also shares a similar position with China over the South China Sea dispute. Moreover, China can always count on Cambodia’s full cooperation in dealing with its political challenges. For instance, in December 2009, upon Beijing’s request, Cambodia deported 20 ethnic Uyghur asylum-seekers to China despite an international outcry. In April 2012, Cambodia, the then rotating chair of ASEAN, was reluctant to lend support to the usage of strong words-proposed by few ASEAN foreign ministers- against China about the contentious South China Sea dispute.
Turning our attention to China, we see that in return for Cambodia’s favorable support, Beijing has consistently offered Hun Sen political support. In 1997, after the controversial violent armed conflict between the two political factions with the coalition government, China offered support to the CPP and Hun Sen despite China’s traditional friendship with the royalist FUNCINPEC which was ousted from power in July 1997. Another important move was in 2017 when the Cambodian government was under unprecedented pressure from the US and the European Union (EU), which condemned the arrest of the leader of the Cambodia National Rescue Party (CNRP), Cambodia’s main opposition party, as well as its dissolution. China strongly supported the actions of the Cambodian government by providing financial and technical support to the national election committee (NEC). Chinese Vice Foreign Minister Kong Xuanyou said, “China respects and supports the development path chosen by the Cambodian people, and believes Cambodia’s future election can, under all sides’ supervision, reflect its fairness and select a party and leader that satisfies the Cambodian people.”

During the state visit by Prime Minister Hun Sen to Beijing in late January 2019, Chinese Premier Li Keqiang said, “During the Chinese New Year, we do not usually welcome foreign friend; however, this is the official visit of our old friend [Prime Minister Hun Sen], a good friend of China.”

China also has provided support to strengthen the capacity of the Cambodian armed forces to deal with public protests or potential “Color Revolution” such as what happened in Eastern Europe in the early 2000s. Evidencing this, under the framework of the Golden Dragon joint military exercise, China has offered capacity building support, military equipment, and financial resources to Cambodia. In June 2018, China pledged $130 million of financial aid to Cambodia’s defense sector. In January 2019, three Chinese warships docked at Sihanoukville port to strengthen bilateral ties between the two navies. In the joint military exercise in 2019, both countries expanded their scope and scale of bilateral cooperation and capacity building to include maritime security as well.

At the Second Belt and Road Forum on International Cooperation, both countries signed six agreements, namely the Memorandum of Understanding (MoU) on the Second Round Key Projects List for the Production Capacity and Investment Cooperation, the MoU on Cooperation and Mutual Assistance in Customs Affairs, the MoU on Importing 400,000 tons of Cambodian Rice into Chinese Market, the MoU on the Comprehensive Cooperation under the Belt and Road Initiative and the
Economic Relations

Since the mid-1990s, China has gradually increased its economic presence in Cambodia. Starting with a low-key economic relationship, China vaulted to become the top trade partner of Cambodia with the bilateral trade volume reaching $5.5 billion in 2017. Cambodian shipments to the Chinese markets consisted mostly of agricultural products, primarily rice, cassava, cashew nuts, semi-processed palm oil and rubber. Imports from China were mainly cars, motorcycles, construction materials, materials for garment factories, cigarettes and fertilizers. In November 2017, Cambodia signed two MoUs with the Export-Import Bank of China and CITIC Group Cooperation to help the Kingdom increase paddy production and boost rice exports. The agreements aim to increase rice exports to China beyond the 300,000 tons now allowed by the existing quota. The two countries have pledged to push bilateral trade to $6 billion by 2020.

China also was Cambodia’s largest foreign direct investor for five straight years, from 2013 to 2017, with total foreign direct investment (FDI) of $5.3 billion. In 2017, Chinese FDI totaled $1.6 billion, of which fixed asset investment accounted for $1.43 billion or 27 percent of total investment. China’s investments in Cambodia have mainly been found in the fields of textile, manufacturing, construction, telecommunication, and energy.

With respect to development aid, by 2017, Cambodia had received approximately $4.2 billion in Official Development Assistance (ODA) from China in the form of grants and soft loans. This ODA has targeted physical infrastructure, agriculture, health and education. Indeed, about 70 percent of roads and bridges in Cambodia have been funded by Chinese loans. By the end of 2017, the Cambodian government has a public external debt of $9.6 billion, around 42 percent of which is owed to China. From 2019 to 2021, China pledged about $600 million in grant to Cambodia. China also promised to import 400,000 tons of rice from Cambodia, vowed to push bilateral trade to $10 billion by 2023 and encouraged more Chinese investment flow to the Kingdom.
The BRI provides a new platform for bilateral economic cooperation between Cambodia and China. Under the aegis of the BRI, cooperation between the two countries has rapidly expanded especially in infrastructure development. The BRI creates momentum for partnership and shared leadership in implementing bilateral projects, which would be much slower without the cooperation framework of the BRI. At the Belt and Road Forum for International Cooperation in Beijing on May 15, 2017, Prime Minister Hun Sen stated:

The Belt and Road Initiative is a well-thought out and long-term strategy aiming to promote connectivity and cooperation in all sectors including physical infrastructure, economy, investment, and financial sector, as well as people-to-people relation that will become a new locomotive of global growth. I firmly believe in the future of this initiative, which has clearly spelled out strategies and mechanisms for cooperation, planning and financing particularly through BRICS, Silk Road Fund, and Asian Infrastructure Investment Bank (AIIB).27

During the state visit to Beijing in January 2019, both sides stressed bilateral cooperation under the BRI. President Xi Jinping expressed the hope to accelerate the synergy between the BRI and Cambodia’s development strategy, and promote cooperation in the five sectors of transport, production capacity, energy, trade and people’s livelihood. And Prime Minister Hun Sen said the Cambodian side stands ready to jointly promote the BRI with China, enhance cooperation in areas including people’s livelihood, agriculture, trade, investment, tourism and infrastructure, boost people-to-people exchanges, strengthen law enforcement and security cooperation, increase communication and coordination in international and regional affairs, and continue to understand and support each other on issues concerning their respective major concerns.28

As we show below, Cambodia’s embrace of the BRI is chiefly determined by its calculated national interests, which are defined largely in terms of economic development and poverty reduction. The BRI helps strengthen the material capabilities as well as the legitimacy of the regime in Cambodia, which has greatly benefited from the influx of Chinese investment capital and development assistance. The CPP’s “output legitimacy,” which refers to the source of legitimacy of the government based on peace and stability, economic performance and job opportunities for the people, has been significantly boosted by ascending China’s
economic presence under the BRI, and is regarded as the backbone of the legitimacy of the Cambodian government under the leadership of the CPP Party. This is consequential at a time when the regime’s “input legitimacy,” which refers to democratic participation including under the form of free and fair elections, is being contested by opposition groups and civil society groups.

Opportunities

After three decades of gradual economic reforms and international integration that led to an annual GDP growth rate of 7.63 percent from 1994 to 2016, Cambodia became a lower middle-income country in 2015. Its poverty rate dropped from 53.2 percent in 2004 to 11.5 percent in 2015. Furthermore, its per capita income increased from $540 in 2006 to $1,270 in 2016. Despite these accomplishments, the sources of the country’s economic growth are narrow, with a heavy reliance on the agriculture, tourism and textile sectors. To stay competitive and sustain high economic performance, Cambodia is striving to create a skill-based and innovation-driven economy. To move up the regional and global value chain, Cambodia needs to strengthen its industrial development, diversify its economy, as well as enhance its competitiveness and productivity.

In this context, the BRI is strongly perceived as an important cooperation framework that can assist Cambodia to diversify its sources of growth and enhance its economic competitiveness in catching up with other countries in the region through infrastructure development, production capacity development, and broadening and deepening economic linkages with China and other countries and regions. The BRI fits well with Cambodia’s Industrial Development Policy, which aims to transform and modernize Cambodia’s industrial structure from a labor-intensive industry to a skill-based industry by 2025, link it with the global value chain, integrate the country into regional production networks and developing clusters, while strengthening its competitiveness and improving the productivity of domestic industries, and marching toward developing a modern technology and knowledge-based industry. Beyond this, the BRI contributes to the reduction of transport and logistics costs while connecting the multimodal transport system through a vibrant national logistics system to increase Cambodia’s economic efficiency and competitiveness.

Infrastructure development and regional connectivity are the core interest of
Cambodia in joining the BRI. Cambodia needs as much as $700 million per year to develop infrastructure such as roads, bridges, power grid, and irrigation system to maintain high economic growth.\textsuperscript{36} Logistics in Cambodia are less developed compared with other ASEAN members due to a lack of reliable network of transportation, telecommunications, warehousing, trucking services, and other related infrastructure. In its annual Logistics Performance Index (LPI), the World Bank ranked Cambodia 73rd out of 160 countries with a score of 2.8 (5 being the perfect score) (see Figure I).\textsuperscript{37} Infrastructure, logistics competence, and customs have the lowest performance. The BRI provides tremendous opportunities for Cambodia to enhance its infrastructure and economic development, while enhancing its capacity to play a more relevant role in regional integration and community through infrastructure connectivity and regional production network development in which Cambodia can be an important economic gateway and production base.\textsuperscript{38}

By the end of 2017, more than 2,000 km of roads, seven large bridges, and a new container terminal at the Phnom Penh Autonomous Port had been constructed with support from China.\textsuperscript{39} Some mega infrastructure projects, which existed before the inception of the BRI, have been designated as MSRI projects. For instance, the Phnom Penh-Sihanoukville Expressway, the most important road connecting industrial zones in Phnom Penh and seaport, is to be constructed by the China Communications Construction Company on a Build-Operate-Transfer (BOT) basis.\textsuperscript{40} Another important infrastructure project is the construction of Cambodia’s first communications satellite, dubbed “Techo 1.” The Royal Group, a local conglomerate, and China Great Wall Industry Corporation, are involved in this satellite project. The cost of launching Cambodia’s first satellite into orbit will be $150 million and it is expected to take place by 2021.\textsuperscript{41}

The Sihanoukville Special Economic Zone (SSEZ) is one of the key projects under the BRI. The SSEZ alone has helped generate income by directly employing over 20,000 Cambodian workers and promoting the social and economic inclusion of mostly low-skilled and female workers from Sihanoukville and other surrounding provinces. An upcoming infrastructure under the BRI is the expressway between Phnom Penh and Sihanoukville. The expressway project has big potential to enhance connectivity and logistics within Cambodia and beyond, improving logistical efficiency and reducing trade costs. This new infrastructure will complement the existing national road connecting Phnom Penh and Sihanoukville Port, Cambodia’s
only international deep-sea port, which handled more than 90 percent of Cambodia’s total container traffic in 2017. China’s state-owned China Communications Construction Company (CCCC) is responsible for the construction and costs of this $1.9 billion expressway project.  

A new international airport in Kandal Province is to be constructed by the Cambodia Airport Investment Co Ltd, a joint venture between a local conglomerate Overseas Cambodian Investment Corporation (OCIC) owned by Pung Kheivse, a Chinese Cambodian tycoon, and the government’s State Secretariat of Civil Aviation. The OCIC will have a 90 percent stake in the project and the rest will be held by the State Secretariat of Civil Aviation. The total investment is $1.5 billion, of which $1.1 billion will come from loans from Chinese banks. The OCIC reached a loan deal with the China Development Bank in January 2018.

Chinese investment in the textiles and clothing industries also contributes significantly to Cambodia’s socio-economic development by creating job opportunities for almost one million Cambodian workers. There are about 30 Chinese investment projects relating to agriculture and the agro-industry, covering about 237,406 hectares of land. China also invested in constructing the Sihanoukville Special Economic Zone (SSEZ), the largest BRI infrastructure project in Cambodia, with investment capital of over $610 million. The SSEZ has attracted more than 100 enterprises from China and other countries and created nearly 20,000 jobs for the local community. The vision of SSEZ is to “build model industrial park of win-win cooperation along One Belt and One Road, and to become the ‘Shenzhen’ of Cambodia.” Cambodian and Chinese leaders hail SSEZ as the symbol of the bilateral cooperation under the BRI.

Apart from hard infrastructure, the BRI also emphasizes building soft infrastructure and expanding people-to-people exchange. In line with this, from 2004 to 2017, China offered more than 1,000 scholarships to Cambodian students to pursue their education in China, and more than 700 fellowships for short-term training. Beyond the above, China helped Cambodia to set up the Maritime Silk Road Research Centre to influence developments and policy making for the benefits and interests of Cambodia in all areas of the 21st Century Maritime Silk Road. The Center serves as a resource center for Cambodian policy-makers, scholars, students, professionals and the general public on issues related to connectivity between China and Southeast
Overall, there is a generally shared view that the BRI brings strong economic development opportunities to Cambodia. For Cambodian elites, the BRI is a new catalyst to sustain high economic growth and strengthen economic competitiveness through infrastructure development, trade and investment, and tourism. The private sector views the BRI as a factor that can facilitate Cambodia’s exports, particularly agricultural products, to China and other countries along the BRI. Chinese investment flows are expected to increase together with the improvement of infrastructure and production capacity.

Risks and Challenges

While the BRI brings economic gains to Cambodia, there are a number of risks, discussed below, which Cambodia should take into serious consideration in its relationship with China to ensure the BRI delivers winning outcomes over the long term. Local observers have warned about the debt trap that Cambodia might fall into from its involvement in the BRI. China’s massive push for the construction of large-scale, high-risk, and debt-financed infrastructure along the BRI has raised concerns about white elephants being built and host countries becoming overburdened from servicing their debts to China. In fact, a number of projects have seen some host countries forced to repay their loans by handing over the operation of strategic assets to China for decades ahead. Civil society groups welcome the BRI as a new source of socio-economic development, but also raise concerns pertaining to the quality, accountability, and transparency of the Chinese investments and infrastructure development projects.

With a total of $4.2 billion of debt owed to China, Cambodia was identified as a country at “risk of debt distress” by the Center for Global Development (CGDEV), which assesses the current debt vulnerabilities of all likely BRI prospect countries. CGDEV warned that small and relatively poor countries may face a significantly increased risk of a sovereign debt default if planned BRI projects are implemented in an expeditious manner and financed with sovereign loans or guarantees. Cambodia has a debt-to-GDP ratio of about 32 percent, but this could rise to 40 percent of GDP if Cambodia experiences a recession or if debt grows more rapidly than GDP growth. A Cambodia analyst, Sophal Ear, observes: “Right now, based on existing
numbers, it’s not yet unsustainable. The acceleration of indebtedness is probably what puts it ‘at risk.’ It’s going up, but if it goes up too quickly, that’s worrisome.”53 If debt grows beyond its ability to manage, Cambodia could find itself in a similar scenario to Sri Lanka in which state property had to be given as equity to pay its Chinese creditors.

Moreover, the MSRI may fuel public discontent if the investment and infrastructure development projects do not truly meet the development needs of the local people. The lack of social and environment impact assessment and safeguard measures is the main shortcoming of MSRI projects in Cambodia. Some local communities and non-governmental organizations (NGOs) have raised concerns about the quality of Chinese investments, particularly with regards to the issues of resettlement and compensation, environmental degradation and land grabbing.54 For example, Chinese investment in the 400-megawatt Lower Sesan 2 dam was controversial from the start, drawing protests from displaced locals and raising alarm among environmental experts. The project is a concessional contract entailing a 45-year BOT and is a joint venture (JV) involving China’s Huaneng Hydrolancang International Energy, which holds a 51 percent stake, Cambodia’s Royal Group, which has a 39 percent stake, and Vietnam’s EVN International Joint Stock Company, which has a 10 percent stake. Since construction started in 2014, the dam has already displaced around 1,500 households and flooded tens of thousands of hectares of forest in Stung Treng’s Sesan district.55

Large-scale Chinese investment, largely encouraged by the Chinese government under the BRI, has transformed Preah Sihanouk, once Cambodia’s premier seaside resort, into a bustling casino town. Local people blame Chinese investors for soaring property prices and worsening living conditions for Cambodians in the province. Even though Chinese investment is bringing wealth to Cambodia, this wealth is mainly kept within Cambodia’s Chinese community. Chinese residents and visitors in Cambodia buy from Chinese businesses, eat at Chinese restaurants, and stay in Chinese hotels. The trickle-down effect to local businesses is minimal.56

There is also a concern that Cambodia is too reliant on China, which could potentially lead to loss of foreign policy autonomy. Cambodia has been accused of siding with China on the South China Sea dispute and protecting China’s core national interests.57 Other examples of Cambodia supporting China’s policies include a ban
on the Taiwan flag being hoisted in public places, the cancellation of the US Navy Mobile Construction Battalion, and the suspension of Angkor Sentinel, a joint military exercise between Cambodia and the US.58 Cambodia’s acceptance of the BRI is likely to lock this small state securely under China’s growing strategic sphere of influence. Moreover, Cambodia risks losing its cultural identity due to improper management of BRI projects.59

**Conclusion and Outlook**

Cambodia is one of China’s oldest and closest strategic partners. The BRI provides a cooperation framework that will make the bond between the two countries closer and stronger. Much of this has to do with the fact that the BRI is compatible with and complements Cambodia’s national development strategy as well as regional connectivity. Cambodian governing elites and the private sector largely perceive the MSRI as proffering a great opportunity for Cambodia to realize the endgame of its development activities, which is to become a high-income country by 2050. More specifically, participation in the BRI is expected to provide Cambodia with benefits including physical infrastructure development, substantially increased FDI, economic development and integration, and enhanced regional and international linkages.

The big risk arising from Cambodia’s engagement in the BRI is overreliance on Chinese investments and loans which might potentially induce Cambodia to fall into a debt trap, resulting in the loss of trust and autonomy as a sovereign state and the deterioration of its relations with other ASEAN member states.60 The lack of transparency and accountability of China’s projects can also cause social and environmental challenges in MSRI member countries.

Cambodia’s excessive dependence on any single country is not healthy in the long run. Economic pragmatism and strategic diversification have been adopted by the Kingdom. Cambodia is thriving to maintain strategic balance or equilibrium between China and other key players such as the US and ASEAN. Also, maintaining ASEAN centrality would best serve Cambodia’s national interests and foreign policy. It is possible for Cambodia to benefit from a credible relationship with multiple countries to create a better future for itself and the Cambodian people.
Since infrastructure development is the core of growth and the main reason for Cambodia’s engagement in the BRI, the Cambodian government are trying to integrate the principles of sustainability and inclusiveness in infrastructure decision-making. Infrastructure must be planned from the very beginning through integrated environmental planning approaches, which allows sustainability requirements to be included to the largest extent possible. A feasibility study must be comprehensively conducted before the implementation of any infrastructure project to assess their costs and benefits thoroughly. Stakeholders, particularly local communities, should be consulted and empowered to express their ideas and concerns and to ensure that their well-being is taken into consideration in the decision-making process.

Chinese companies can also be a real catalyst for sustainable growth in Cambodia if they, together with the local government, put more effort into embracing international best practices and significantly improve the transparency and accountability of their investment projects. To ensure that investment projects will achieve more benefit than harm, Chinese firms must comply with local laws and regulations and should proactively work with local government to communicate the benefits and potential negative consequences of the projects to the local communities affected. This can help to improve social perception and acceptance of local people toward Chinese investment.

In sum, to ensure that the bilateral cooperation under the BRI will ultimately turn out to be a positive-sum game requires good leadership and an accountable government with a long-term vision of achieving sustainable development. Shared responsibility, multi-stakeholder partnership, and collective leadership should be the guiding philosophy to realize the vision of the BRI. Although the BRI was initiated by China, it has become a regional and even global common public good. Therefore, the countries participating in the BRI need to work together to serve their common interests. Transparency, accountability, inclusiveness, quality, and resilient infrastructure should be the key criteria for providing and applying loans under the BRI framework.
Annex 1

China-Cambodia Bilateral Agreements Signed in 2016

1. MoU on the cooperation of inspection sector
2. Agreement of strengthening cooperation under new circumstances
3. MoU on scientist exchange program
4. Agreement on avoidance of double taxation
5. MoU on formulating the outline of bilateral cooperation plan to jointly build the silk road economic belt and the 21st century maritime silk road
6. Agreement on economic and technical cooperation on provision of grant aid in the amount of 1,200 million yuan to implement: Cambodia-China Friendship Medical Building, Thong Kmum Provincial Hospital, Institute of Water Resource
7. Exchange of note on the China-Cambodia Friendship Medical Building project
8. Protocol on remitting partial debt of the government of the Kingdom of Cambodia
9. Framework agreement for a concessional loan for Vaico Irrigation Development Project (Phase II)
10. Agreement on economic and technical cooperation on provision of interest free loan to implement Vaico Irrigation Development Project (Phase II)
11. Framework agreement for a concessional loan for the construction of national road No. 51 project
12. Agreement on economic and technical cooperation on provision of interest free loan to implement the Construction of National Road No.51 project
13. Framework agreement for a concessional loan for the West Section of the Ring Road of Phnom Penh project
15. MoU on the maritime cooperation
16. Exchange of note on duty-free treatment covering 97 percent of the tariff lines
17. MoU on the priority projects on productivity capacity of investment cooperation
18. MoU on cooperation of information exchanges and cooperation on domestic security enforcement
19. Agreement on strengthening cooperation in counter trafficking in persons
20. Agreement on radio and television
21. Concession agreement for development of Siem Reap Angkor International Airport
22. Loan agreement for Vaico Irrigation Development project (Phase II)
23. Loan agreement for the construction on National Road No. 51 project
24. Loan agreement for construction of west section of second ring road of Phnom Penh project
25. Loan agreement for rural grid extension project phase V and phase VI
26. Civil works contract for the construction of national road (NR) no.11 (Neakloeng NR1) – Thnal Totoeng (NR7) project
27. MoU on import 200,000 metric tons Cambodian rice
28. Commercial contract for transmission line 230 kv phase II (Loop transmission line in eastern part of Cambodian national grid part I)
29. MoU on investment and development of national power grid
30. Protocol agreement on 450 MW Thermal Power Generation Project in Sihanoukville, Cambodia on a Build-Own-Operate basis
31. RMB 400,000,000 facility agreement

**China-Cambodia Bilateral Agreements Signed in 2017**
1. Outline of Bilateral Cooperation Plan to Jointly Build the Silk Road Economic Belt and the 21st Century Maritime Silk Road
2. MoU on Strengthening Cooperation in the field of Infrastructure
3. MoU on 3 Cooperation in Transport-Related Capacity Building
4. Implementation Plan for the Memorandum of Understanding on Tourism Cooperation (2017-2020)
5. Protocol on Establishment of Joint Ocean Observation Station
6. Agreement on the economic and technical cooperation on the grant aid of 1,200 million Yuan for 2017
7. Concessional loan agreement in U.S. dollar for construction project of 230 kV high-voltage transmission line-stage 2 in the east of Cambodia
8. MoU on cooperation in infrastructure and action plan

**China-Cambodia Bilateral Agreements Signed in 2018**
1. MoU on Further Promoting the Development of Cambodia-China Technology Transfer Center
2. MoU for Cooperation on Quality Promotion
3. Agreement on Economic and Technical Cooperation
4. Exchange of Notes on Restoration Project of Royal Palace in Angkor
5. Exchange of Notes on Provision of Batch of Materials
6. MoU on Joint Formulation of the Plan on Modern Agriculture Development in Cambodia
7. MoU for Cooperation on Rice Research
8. Agreement on Establishment of High Vale Tree Species Breeding Center in Cambodia
9. Loan Agreement on the Transmission Line 230 KV Project Phase II (Completion of Loop Transmission Line in South Western and Eastern Cambodian National Grid)
10. Loan Agreement on the National Road No.3 Construction Project from Phnom Penh (Chom Chao)-Bek Kus-Kampot Town
11. MoU on Mutual Cooperation
12. The Phnom Penh-Sihanoukville Expressway Concession Agreement
13. Cooperative Agreement on the Field of Technical Vocational Education and Training
14. MoU on Rice Trade
15. Engineering Procurement and Construction (EPC) Contract for the 500 kv Backbone and Sub-region Transmission Line Project
16. Financing Cooperation Framework Agreement of New Airport of Phnom Penh, Cambodia

(Source: Ministry of Foreign Affairs and International Cooperation of Cambodia)

Endnotes:

Cooperation and Peace.
7 Hun Sen, Prime Minister of Cambodia, Remarks at the 60th Anniversary of Cambodia-China Diplomatic Relations Establishment, January 2, 2018. Phnom Penh: Council of Ministers of Cambodia.
20 Except as otherwise noted, all amounts herein are in US dollars (USD). Khy Sovuthy, “China to Extend Defence Cooperation,” Khmer Times, June 18, 2018, https://www.khmertimeskh.com/50501958/china-to-extend-defence-cooperation/
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37 World Bank, The Logistics Performance Index and Its Indicators (Washington, DC: World Bank, 2016)
45 Ibid.
48 Cambodia 21st Century Maritime Silk Road, http://csmrsc.org/
52 Ibid.