

Cambodia, the ironclad friend of Beijing

More and more Southeast Asian countries, from Malaysia to the Philippines, are strengthening their ties with Beijing. But nowhere is the Chinese lure being felt so convincingly as in Cambodia.

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A year ago the sounds of children's cries and technobeats were common in Dream Land, the biggest amusement park of Cambodia. Now it is an enormous quiet wasteland in the middle of the capital. All attractions have disappeared, save for a lonely brontosaurus that perfectly fits in the overgrown site, a surrealistic counterweight to the fast changing skyline of Phnom Penh.

But this Garden of Eden will also disappear and become a playground for Chinese developers. The concrete Dino will have to give way for an even bigger monster. A consortium led by Sino Great Wall International scooped up a contract to build the Twin Trade Center with two towers of 133 floors. It will be the highest building of Southeast Asia.

It is not important that experts have doubts about the feasibility of this megaproject in a relatively small capital city. The message of the twin totem is clear: 'strengthen the ties with Beijing to profit from the Chinese power and prosperity'.

In a few eastern Capitals the Chinese New Year was celebrated with extra zeal. Malaysia signed a defense deal with China. The Thai junta wants to buy Chinese tanks and submarines. And in Beijing president Rodrigo Duterte announced the "divorce" between the Philippines and its old ally, the US. But nowhere the Chinese siren call sounds so alluring as in Cambodia.

Cambodia is the showcase for the Chinese message to Southeast Asia. China wants to show what it has to offer on trade, infrastructure works and financial assistance. Beijing doesn't mind the price tag. According to the Ministry of Commerce, in 2015 China invested a little less than 900 million dollars in Cambodia, a country of 16 million people. That's 300 million more than all the other donor countries give - combined. China is responsible for 70% of all industrial investments of the country. The influence it gains in return is not small.

"The Chinese assistance is meant to buy friends. And in Cambodia they get value for money. Phnom Penh will support Beijing whenever needed." That is the opinion of Sophal Ear, political analyst and author of the book *Aid Dependence in Cambodia: How Foreign Assistance Undermines Democracy*.

China seems to be extraordinarily generous to Cambodia. Yearly it gives 190 dollars per capita. Only neighbouring Laos (poorer and communist) receives more assistance.

"China is generous for historic reasons, but also because Cambodia played its cards well. It does the things that China wants, whenever China wants it. That's how the confidence grows," says Ear.

A political weapon

With its relatively small population Cambodia has an excessive influence on geopolitics. It is the strongest ally of China within ASEAN, the economic and political cooperation of ten Southeast Asian countries. China is not a member state, but uses Cambodia as leverage.

In July last year ASEAN wanted to condemn China for its territorial claims in the South China Sea, but Cambodia used its veto power. The country also manipulated a resolution on maritime law in Beijing's advantage.

Relations between China and Cambodia have been amical for the last 60 years, with the exception of the turbulent times of the Khmer Rouge. The Chinese president Xi Jinping flew to Phnom Penh in October to thank prime minister Hun Sen personally with a new package of 600 million dollars. The prime minister called China its "most reliable friend". Xi Jinping declared that Hun Sen is "an ironclad friend".

For Phnom Penh this alliance is an existential matter. After the demise of the Khmer empire, the country lost a lot of territory. Only the French rulers could prevent the country being consumed completely by its neighbours. Thailand has long tried to expand its influence. But the biggest threat lays at the eastern border. Vietnam is considered an archenemy since it annexed a large area in the south, and the ten year occupation by the Vietnamese army in the eighties is still a very sensitive matter in Cambodia.

This small country is squeezed between potential big dangers and feels a need for protection. China is the pitbull that provides its security.

The Chinese assistance also secures the political class of Cambodia. Sophal Ear believes China is keeping the Cambodian strongman Hun Sen and the CPP, his party, firmly at the top of the country. "The CPP is the only middleman for the Chinese investments. In the past 10 years 9.6 billion dollars went through the party's hands. And there are 13 billion dollars more to come. You can

imagine how lucrative this is. It's the goose with the golden eggs. The money just flows in, endlessly."

The Chinese funds also make it easy to ignore western criticism. China doesn't care about human rights or electoral meddling. Critical voices hush themselves to avoid pushing Cambodia even closer to Beijing.

Building the future

A short walk in Phnom Penh will teach any observer that Mandarin is on the march. New luxury apartments are advertised in Chinese. On Koh Pich (Diamond Island) a complete new town is being built with Chinese money. Mandarin characters on the street signs are a telling symbol of the Chinese influence.



But despite the Chinese construction fever in Phnom Penh, the economy stays fragile. Cambodia is still one of the poorest countries in Asia. It has a GDP of 1.021 dollars per capita. Half of the fiscal budget is provided by foreign donors. The economy is growing but is hampered by widespread corruption, inequality and a lack of quality work and education. Growth is vulnerable; the economy is lacking diversification. It is dependent on tourism, cheap garments and foreign aid. These sectors are prone to sudden shocks.

A few statements of officials prove how dependent and weak the Cambodian economy is. In August 2016 deputy prime minister Hor Namhong said the development of Cambodia "cannot be disconnected" from Chinese support. "Without Chinese aid we are going nowhere," confirmed government spokesman Phay Siphon. That is true, metaphorically and literally. With Chinese

money Cambodia can built roads and bridges it can't afford itself. It also creates a mirage of progress that can convince Cambodians to keep on voting for Hun Sen and the CPP.

Ambitious Chinese are welcome

The country promotes itself as "The Kingdom of Wonder". It's not an exaggeration. For Chinese investors Cambodian laws are magically being stretched or lifted.

Until recently, foreign farming companies could obtain concessions of maximum 10.000 hectares. That's a constraint for ambitious Chinese. Local farms in the neighbouring villages are illegally expropriated with no means of defending them. And it is still happening on a grand scale. A Cambodian human rights organization figured that 80.000 square kilometers were given as concessions to foreign companies, of which 60% were Chinese. That's the equivalent of 1.5 times the size of Belgium. Land grabs are stil common in Cambodia, sometimes with the help of the military.

But that is no concern for China, which only seeks international influence, beneficial trade agreements and natural resources. The autocratic regime in Beijing doesn't put pressure on Phnom Penh for social or economic change. Hun Sen makes sure Chinese companies are being served well to make sure the money keeps on flowing in. A win-win situation.

"Money is flowing down and sometimes people see improvements. But mostly the price is being paid by ordinary Cambodians, for example when they lose their house because of Chinese investments. They are worse off. China doesn't offer safeguards which are common with western aid," says political analyst Sophal Ear. Meanwhile social injustice, ecological disasters and economic dependency are still making headlines.

Ghost towers predict little good

"If it's good for China, it's also good for Cambodia." That is an often-heard catch phrase in government circles. But the capital is filled with proof of the opposite. The construction fever is making victims. In the Vattanac Capital building, the highest in Cambodia, two-thirds of the offices are empty. And the Gold Tower, which is locally known as the Ghost Tower, is a unfinished skeleton of 42 floors at the corner of one of busiest intersections of Phnom Penh.

The construction site at the former Dream Land will certainly be a showcase for Chinese know-how and technological ingenuity. The investors of Twin Trade Center with its 133 floors are anticipating towering returns, while China will radiate an image of a trustworthy and peaceful giant.

But what if the dream becomes a mirage? What if the Chinese aid is only a self-serving affair? Then the Cambodians will wake up with a gigantic monster in the center of the capital that serves no purpose. Who will be accountable is not clear.

Meanwhile, in a city with few parks, the little customers of the former Dream Land can only play in a new but cold shopping mall, to the tunes of Chinese muzak.

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