

Cambodia on Middle Path Between China and Vietnam

Cambodia's trade is booming with both China and Vietnam as the rival powers compete for geo-economic influence

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In 2021, Cambodia's trade with neighboring Vietnam rose 75% to US\$9.3 billion, a little less than \$2 billion away from the volume of trade between Cambodia and China.

Vietnamese foreign minister **Bui Thanh Son**, who visited Phnom Penh in February, reckons bilateral trade could top the \$10 billion mark in 2022, which seems a feasible objective. Last December, several important bilateral trade and cooperation agreements were signed during a visit from **Nguyen Xuan Phuc**, Vietnam's president.

Cambodia's trade with Vietnam was worth only \$3.8 billion in 2017, meaning a 144% increase has been seen over the past five years. By comparison, Cambodia's trade with China was worth \$11.1 billion in 2021, up 91% from \$5.8 billion in 2017.

“China and Vietnam strategic and economic competition in Cambodia has been ongoing for a long time, and will only intensify when both China and Vietnam want to maintain and strengthen their influence over Phnom Penh,” said Le Hong Hiep, a senior fellow at the Vietnam Studies Program at the ISEAS-Yusof Ishak Institute.

The Vietnamese invaded Cambodia in late 1978 to oust the genocidal Khmer Rouge regime, which was backed by Beijing. China responded by launching border incursions on Vietnam, while Hanoi continued to prop up the socialist-lite government in Cambodia throughout the 1980s.

Hun Sen, Cambodia's prime minister since 1985, was tutored by Vietnamese diplomats. His ruling Cambodian People's Party (CPP) was founded by Khmer Rouge defectors, including himself, who returned to Cambodia alongside Vietnamese forces to oust the genocidal

regime in January 1979.

But Vietnam's leverage over Cambodia waned in the 1990s, as the country normalized its international relations. The US and Japan were key partners in that decade. By the early 2010s, however, China was in the hot seat. Today, Cambodia is regarded as Beijing's most loyal partner in Southeast Asia.

This competition between China and Vietnam for influence "will be a good thing for Cambodia as long as it can maintain a fine balance between the two neighbors," he added.

By one logic, 21st-century geopolitics is shaped by trade. It has, for some, become more "geoeconomics" than geopolitics: countries that trade heavily with both the US and China don't want to pick sides, and trade mandates neutrality.

That theory finds difficulty with Cambodia, which has swung towards Beijing, and massively away from the US, in recent years.

Phnom Penh has not only cut military ties with the US, but also accused Washington of plotting a coup with the now-banned opposition Cambodia National Rescue Party (CNRP).

Elite opinion in Cambodia is massively shifting towards China. In the latest State of Southeast Asia survey, released annually by the ISEAS-Yusof Ishak Institute, respondents were asked if ASEAN was forced to align itself with one of the two strategic rivals, the US or China, which one should it choose?

Some 81.5% of Cambodian respondents reckon the regional bloc should choose China over the US. Only 46.2% said China in the 2021 survey. What's more, 25.9% of Cambodian respondents now see China as "a benign and benevolent power," compared with only 3.8% last year.

If Cambodia-Vietnam trade becomes more on par with Cambodia-China trade, can Phnom Penh be expected to take more into consideration Hanoi's geopolitical sensibilities, which are often in direct opposition to Beijing's?

Both Vietnam and China contest the same territory in the South China Sea. Chinese aggression against Vietnam has ratcheted up in recent years. Yet most analysts don't think Phnom Penh is about to suddenly steer its interests away from Beijing and closer to Hanoi because of trade.



The Cambodia-Vietnam Friendship Monument in Phnom Penh has been vandalized a number of times over the years. Photo: WikiCommons

“The recent increase in trade reflects the regional economic integration and the level of development in the two countries, but I don’t think it can change the current course of Cambodian alignment with Beijing,” said Nguyen Khac Giang, an analyst at the Victoria University of Wellington.

The capacity for increasing influence is there, he added, noting that some of Vietnam’s largest companies, such as the military-run Viettel conglomerate, have a big presence in the Cambodian economy. “But I’m not convinced Hanoi can win over China in Cambodia,” Giang added.

According to some, it’s all too late in the game for Phnom Penh to scale back its associations with Beijing.

“If China actually is building a naval base at Ream and military-grade airfield at Dara Sakor, then that strongly suggests it has the inside track on Vietnam regardless of the economic angle,” said Derek Grossman, a senior defense analyst at the RAND Corporation.

He was referring to allegations that have been made since 2018, including by US officials, that Cambodia is planning to allow China to use its naval base near the coastal city of Sihanoukville, an assertion Phnom Penh denies.

And then there’s the much more complicated question of local politics.

Putting it politely, the Vietnamese are not well-liked in Cambodia, in part because of the Vietnamese occupation of the country after 1979, when Hanoi’s troops invaded to oust the genocidal Khmer Rouge.

That animosity goes back further in history. After the fall of the Khmer Empire in the 15th century, Cambodia was constantly threatened by its neighbors, Siam and Vietnam.

Invasions were launched and Cambodia only retained its territory by switching allegiances between either side.

The government of Hun Sen, which has been in power since 1979, and was essentially installed by Hanoi, is still often accused of being a Vietnamese puppet. The now-banned CNRP, the main opposition party, made much political capital by railing against the influence of the *yuon*, a racist term in Cambodia for the Vietnamese.



A large number of Vietnamese communities in Cambodia, like this one on the Bassac River, have been forced to relocate. Photo: WikiCommons

Kimkong Heng, a visiting senior research fellow at the Cambodia Development Center, wrote in a recent essay for ISEAS that impediments to Cambodia-Vietnam relations remain.

One is land demarcation, a hot-button political issue in Cambodia as certain politicians claim the Vietnamese are still trying to encroach on Cambodian territory. Only 84% of their 1,270-kilometer border has been officially demarcated.

Another problem is ethnic Vietnamese migrants. Heng referenced a claim that there are between 400,000 and 700,000 ethnic Vietnamese in the country, of whom about 90% have no birth certificates or identity cards.

Even though the ruling CPP is less hostile to ethnic Vietnamese than some opposition parties, the government has still carried out forced relocations of entire Vietnamese communities.

There are two other things to watch out for. First, whether the US – which has come down hard on Cambodia in recent years at the same time as exerting much effort to gain leverage in Vietnam – will lobby Hanoi to use its influence in Phnom Penh to alter the Cambodian government's geopolitical interests.

Cambodia and Vietnam loom large over Washington's Southeast Asian policy, not least in personnel choices.

W Patrick Murphy, the US ambassador to Phnom Penh, was previously the acting deputy assistant secretary of state for East Asian and Pacific Affairs. Daniel J Kritenbrink, who now occupies that role, was ambassador to Vietnam between 2017 and 2021.

The second is whether the Vietnamese government tries to win over the younger Cambodian officials who are expected to move up the ranks when Hun Manet, Hun Sen's eldest son, succeeds his father as prime minister sometime this decade, as is widely anticipated.

In December, Cambodia's ruling party agreed to this dynastic handover and Manet was tasked with forming a "reserve cabinet" around him.

Cambodia's position between China and Vietnam might undergo some changes as Manet's dynastic succession slowly develops. It is likely to take on more formal pretenses after next year's general election at which Manet is likely to be made a cabinet minister and take on more active political duties.

This could go two ways, Heng wrote in his recent essay. "If Hun Manet is to become prime minister and follows in his father's footsteps to consolidate power and maintain stability in Cambodia's ties with its neighbors, Cambodia and Vietnam are likely to remain on good terms," Heng said.

But if Manet was to introduce political reforms and embrace liberal democracy, Cambodia-Vietnam relations "will take a new direction." A Manet-led ruling party may attempt to compete with the opposition parties in their anti-Vietnamese nationalism.

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