



Assessing the Impacts of Chinese Investments in Cambodia: The Case of Preah Sihanoukville Province

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ABSTRACT

The past several years have seen an unprecedented inflow of Chinese investments to Cambodia, resulting in a huge increase in the number of Chinese people in this Asian country. Chinese investment projects have previously been concentrated in the Cambodian capital city, Phnom Penh, but the focus has recently been shifted to Sihanoukville, a coastal province of Cambodia. The growing presence of the Chinese, many of whom are business people and migrant workers in Sihanoukville, has brought concerns about potential impacts resulting from Chinese investment projects. Although positive impacts in terms of infrastructure development and job opportunities are apparent, Chinese investments have created numerous issues that have made headlines across various media outlets, both national and international. This analysis aims to assess the impacts of Chinese investment in Cambodia by drawing on data in the form of new reports, commentaries, analyses, and articles published on different media platforms and in academic journals. Taking Sihanoukville as a case study, the analysis shows that, despite economic benefits, Chinese investments have significant negative impacts on Cambodia as a host country of foreign direct investment. Four dimensions of the impact, including political, socio-cultural, environmental, and socio-economic are discussed. The analysis concludes with ways forward for Cambodia and China to ensure that positive rather than negative outcomes are the consequences of Chinese investments in Cambodia.

Key Words: Cambodia, China, Chinese Investments, Sihanoukville

INTRODUCTION

The 21st century is arguably an Asian century mostly because of the rise of China. As China keeps rising and getting wealthier, the outflow of its people, especially those engaged in business, has become a focal point for many researchers. It is widely known that Chinese business practices, which tend to create profound impacts on the host countries, are different from those of the West. Such direct and indirect consequences deserve scholarly attention to assess their scope and scale. As a developing country and close strategic partner of China, Cambodia has in recent years seen the massive inflow of foreign investments from China, along with Chinese tourists and immigrant workers. Even though positive effects can be felt in the Kingdom of Cambodia, we argue that with Chinese investments come negative impacts in political, socio-cultural, environmental, and socio-economic spheres. Taking Cambodia's Preah Sihanoukville province as a case study, this paper seeks to systematically assess the impacts of Chinese investments on present-day Cambodia.

Prior to the massive influx of Chinese investments and Chinese people into the province, Preah Sihanoukville, named by and after the late Cambodian King Norodom Sihanouk, was once seen as a sleepy coastal province of Cambodia. Commonly known as Sihanoukville, the province has a population of about 150,000 and is located 226 kilometers away from Phnom Penh. Having a strategic location because of its port, the province is home to a special economic zone where there are over 100 Chinese firms currently in operation.¹ In recent years, particularly 2018, the province has captured a lot of attention from both national and international media for the unprecedented increase in Chinese activities. Numerous news articles, commentaries, and analyses have appeared in many media outlets including *Asia Times*, *Asia Nikkei Review*, *BBC*, *Bloomberg*, *Channel News Asia*, *Financial Times*, *Khmer Times*, *Reuters*, *Southeast Asia Globe*, *The Diplomat*, *The Guardian*, *The Phnom Penh Post*, *South China Morning Post*, and *The Washington Post*.

Concerns over the consequences of Chinese investments and influence have been a broad theme reported in the media. Many journalists and writers have based their reports or analyses on interviews with both local residents and Cambodian elites as well as scholars who are knowledgeable about Cambodia's socio-political developments. Aggregating these data sources provides nuanced insights and a clear picture of how Chinese investments have impacted upon the livelihood and development trajectories in the context of Cambodia, a country in desperate need of foreign direct investment to ensure its robust economic growth.² News reports, commentaries, analyses, and articles in academic journals and other scholarly publications show that Chinese investments in the last few years have substantial impacts on the socio-economic development of Cambodia as a whole and Sihanoukville province in particular. Although both positive and negative consequences of these massive investments

¹ Cam McGrath, "Sihanoukville zone prospers on China links," *The Phnom Penh Post*, June 12, 2017, <https://www.phnompenhpost.com/business/sihanoukville-zone-prospers-china-links>.

² Sok Siphana, Chap Sotharith, and Chheang Vannarith, "Investing in Agriculture and Rural Infrastructure for Robust Economic Growth and Accelerated Poverty Reduction in Cambodia: Challenges, Prospects, and Issues for Regional Cooperation," in *Agricultural Development, Trade & Regional Cooperation in Developing East Asia*, ed. Ponciano S. Intal, Jr., Sothea Oum, and Mercy J.O. Simorangkir (Jakarta: ERIA, 2011), 78-125; World Bank Group, *Cambodia economic update: Recent economic developments and outlook* (Washington, DC: World Bank Group, 2018).

from China have been discussed, a more pessimistic picture of the current situation resulting from the unprecedented inflow has been painted. This paper will discuss the impacts of Chinese investments on Cambodia by examining Sihanoukville, where the impact has been so consequential that further investigation and assessment is needed.

The paper is structured as follows. First, studies on the impacts of Chinese investments on recipient countries are discussed, followed by a brief overview of Chinese investments in Cambodia. Second, a detailed analysis and assessment of the impacts of Chinese investments in Sihanoukville are presented. Third, critical comments and responses regarding this issue by ordinary Cambodians, government officials, and key public intellectuals are laid out. Finally, recommendations and ways forward for Cambodia and China are made in the hope that positive rather than negative outcomes can be achieved with respect to Chinese investments in Cambodia.

Studies on the impacts of Chinese investments on recipient countries

The case of Chinese investments and its impacts on the host countries globally have received considerable scholarly attention. Zhang, Alon, and Chen, for example, have studied the effects of Chinese investments on economic growth in Sub-Saharan African by using the data from 44 Sub-Saharan African countries from 2003-2010.³ Their study concludes that the effects of Chinese investment on economic growth in these countries are insignificant. These rather less significant consequences are due to “the crowding-out effect of Chinese FDI [foreign direct investment] on domestic investment, the decline in outward FDI in traditional sectors, an increase in the service sectors that are ignored in the current model, and the small percentage share of FDI in each country’s GDP as well as the types of sectors in which Chinese FDI is concentrated.” Kubny and Voss have also studied the impacts of Chinese FDI on local workers and firms in Cambodia and Vietnam.⁴ They looked at employment and income effects, training, spillovers, and linkage effects of Chinese investments. Their study showed that positive effects from the investment are limited: a small impact on wage increases, less training absorbed, and less linkage between local and Chinese firms.

Shinn conducted a study to investigate the environmental impacts of Chinese investments in Africa.⁵ The study reported that Chinese investments created various environmental problems such as oil leaks, noise and air pollutions, deteriorated sanitation, and deforestation. P. Heng scrutinized the impacts of the Chinese-funded Kamchay Dam on local communities in Kampot, Cambodia. His study showed that there are some benefits resulting from this dam-building project such as project-based employment opportunities, reduced prices of electricity, and improvements to the local infrastructure.⁶ However, the project has

³ Jian Zhang, Ilan Alon, and Yanan Chen, “Does Chinese investment affect Sub-Saharan African growth?” *International Journal of Emerging Markets* 9, no. 2 (2014): 257-275.

⁴ Julia Kubny and Hinrich Voss, *The impact of Chinese outward investment: Evidence from Cambodia and Vietnam* (Bonn: German Development Institute, 2010).

⁵ David H. Shinn, “The Environmental Impact of China’s Investment in Africa,” *Cornell International Law Journal* 25 (2016): 25-65.

⁶ Pheakdey Heng, “Hydropower and local community: A case study of the Kamchay dam, a China-funded hydropower project in Cambodia,” *Community Development* 48, no. 3 (2017): 385-402.

far-reaching environmental consequences such as damage to forest, serious threats to endangered species, pollution of water, and loss of main income sources for nearby villagers.⁷

Chinese investments have also led to what is called Sinophobia or anti-Chinese sentiment. Nicholas investigated the impacts of China's direct investment in Europe and found there were concerns about the impact of Chinese investments on national security in some European countries.⁸ There was also fear that China may seek to take over the European economy.⁹ The author argues that both sides (i.e. China and the EU) need to agree on principles of positive reciprocity to avoid any protectionist backlash inside the EU.¹⁰ Gustavo Oliveira has also looked at the rising Sinophobia derived from Chinese investments in the soybean agribusiness sector in Brazil.¹¹ The fear of China grabbing Brazilian land has led to the failure of passing new legislation on foreign acquisition of farmland in Brazil, which jeopardizes the dynamics of Chinese investments in this sector more generally.¹²

Similarly, Tuman and Shirali have investigated the politico-economic impacts of Chinese investments in Latin America and Africa, utilizing the data from 66 countries from 2003-2010.¹³ As their study reveals, Chinese FDI is seen to achieve two main goals in Latin America and Africa: first is to gain access to natural resources of those countries and second is to serve as a means to punish those who diplomatically recognize Taiwan. During the period of the study, Chinese investments increased in countries that broke diplomatic ties with Taiwan. In a similar vein, Chheang has analyzed the political economy of Chinese investment in Cambodia. The analysis focuses on socio-economic and political effects.¹⁴ It concludes that "while job opportunities and incomes have been created, some Chinese projects in hydropower dams and land concessions have adverse impacts on the livelihood of the local population and on the environment".¹⁵ Chheang also argues that Chinese investments give legitimacy to the current Cambodian government which relies on "economic performance and development outputs particularly in terms of infrastructure development and employment opportunities to gain popular support and votes".¹⁶ As a result, "Cambodia tends to behave and act strategically and comfortably in favor of China's interests if this does not directly harm Cambodia's own national interest".¹⁷ Thus, Chinese investments in Cambodia seem to greatly benefit the ruling elites at the expense of social and environmental impact on the local communities.

In general, much of the literature dealing with the impacts of Chinese investments seems to bring to the fore the negative consequences resulting from the investment. This paper is unique in its employment of a specific case study to systematically investigate the impacts of

⁷ Ibid, 385.

⁸ Françoise Nicholas, "China's direct investments in the European Union: challenges and policy responses," *China Economic Journal* 7, no. 1 (2014): 103-125.

⁹ Ibid, 103.

¹⁰ Ibid, 103.

¹¹ Gustavo de L. T. Oliveria, "Chinese land grabs in Brazil? Sinophobia and foreign investments in Brazilian soybean agribusiness," *Globalizations* 15, no. 1 (2018): 114-133.

¹² Ibid, 114.

¹³ John P. Tuman and Majid Shirali, "The Political Economy of Chinese Foreign Direct Investment in Developing Areas," *Foreign Policy Analysis* 13, no. 1 (2017): 154-167.

¹⁴ Vannarith Chheang, "The Political Economy of Chinese Investment in Cambodia," *Trends in Southeast Asia 2017*, no. 16 (Singapore: ISEAS Yusof Ishak Institute, 2017).

¹⁵ Ibid, 26.

¹⁶ Ibid, 22.

¹⁷ Ibid, 26.

Chinese investments on Cambodia. The arguments are derived from the actual events in the area affected by Chinese investments. Four dimensions are used as a framework to guide the assessment: political, socio-cultural, environmental and socio-economic.

Brief overview of Chinese investments in Cambodia

Cambodia has had an annual economic growth of about 7 percent over the last 20 years, which has helped the country officially become a lower-middle income economy in 2016.¹⁸ This achievement is made possible by the increasing investment in Cambodia, reported to almost double last year, up from US\$3.6 billion in 2016 to US\$6.3 billion in 2017.¹⁹ In five consecutive years from 2013 to 2017, China has invested about US\$1 billion annually in Cambodia, making it the largest foreign direct investor.²⁰ However, in the case of Sihanoukville, Chinese investments are concentrated in a few key sectors such as casinos, real estate, and resorts, which has become remarkably noticeable in recent years.²¹

Some of the large investment projects include a \$4.2 billion infrastructure development project that involves the construction of power plants, offshore oil exploration, casinos, condos, hotels, restaurants, and more.²² In June 2018, for example, Cambodian Deputy Prime Minister Men Sam An presided over an inauguration ceremony of a \$1 billion Sihanoukville resort project called Wisney World.²³ Two other condominium projects, the SeaGate Suite and the Blue Bay, have also been financed by the Chinese. Each project is valued at \$200 million.²⁴ Chinese investors are also interested in building shopping malls. In September 2018, for example, \$10 million was invested in a major shopping mall, called Furi Times Square Mall.²⁵

¹⁸ Cam McGrath and Hor Kimsay, “Cambodia's economic status raised to lower-middle income,” *The Phnom Penh Post*, July 5, 2016, accessed February 20, 2019, <https://www.phnompenhpost.com/business/cambodias-economic-status-raised-lower-middle-income>; Sodeth Ly, “Cambodia is now a lower-middle income economy: What does this mean?” *East Asia & Pacific on the rise* (blog), The World Bank, November 8, 2016, accessed February 20, 2019, <http://blogs.worldbank.org/eastasiapacific/cambodia-is-now-a-lower-middle-income-economy-what-does-this-mean>.

¹⁹ Kimsay Hor, “Investment in Cambodia nearly doubles in 2017,” *The Phnom Penh Post*, March 7, 2018, accessed February 20, 2019, <https://www.phnompenhpost.com/business/investment-cambodia-nearly-doubles-2017>.

²⁰ Ibid.

²¹ Jamie Fullerton, “Cambodian unease as Chinese casinos turn seaside paradise into ‘Macau No 2,’” *The Telegraph*, August 11, 2018, accessed February 20, 2019, <https://www.telegraph.co.uk/news/2018/08/11/cambodian-unease-chinese-casinos-turn-seaside-paradise-macau/>; Kimsay Hor, “Number of casinos jumps by 53% in 2018,” *The Phnom Penh Post*, January 2, 2019, accessed February 20, 2019, <https://www.phnompenhpost.com/business/number-casinos-jumps-53-2018>.

²² Sheridan Prasso, “Chinese Influx Stirs Resentment in Once-Sleepy Cambodian Resort: How the Belt and Road Initiative has helped turn a quiet resort town into a gambling hotspot,” *Bloomberg*, June 21, 2018, accessed February 21, 2019, <https://www.bloomberg.com/news/features/2018-06-20/chinese-casinos-stir-resentment-on-cambodia-s-coast-of-dystopia>.

²³ Pisei Hin, “We're going to Wisney World!”, *The Phnom Penh Post*, June 21, 2018, accessed February 21, 2019, <https://www.phnompenhpost.com/business/were-going-wisney-world>.

²⁴ “Sihanoukville: The building boom continues,” *realestate.com.kh*, June 26, 2018, accessed February 22, 2019, <https://www.realestate.com.kh/news/Sihanoukville-The-building-boom-continues/>.

²⁵ Manet Sum, “Construction begins for Sihanoukville’s first-ever mall,” *Khmer Times*, September 24, 2018, accessed February 22, 2019, <https://www.khmertimeskh.com/535750/construction-begins-for-sihanoukville-first-ever-mall/>.

Recently, Chinese investments have targeted the gambling industry in Sihanoukville, although the sector should not receive so much investment, given the rising crime rate in the city.²⁶ Casinos have mushroomed and become a common topic of conversation among Cambodians in Sihanoukville and beyond. The fast-growing number of casinos has made it hard to determine the exact number. Different sources have reported different figures. A report by the Washington Post, for example, claims there are already 30 casinos and over 70 under construction.²⁷ Another report by The Telegraph, however, states there are 80 casinos. A study by a local NGO claims the real number of casinos is 81, although it did not say whether all of them are licensed.²⁸ In early 2019, the Phnom Penh Post reported that there are 150 licensed casinos in Sihanoukville.²⁹ It is unclear whether all of these casinos are in operation or if only the logos are displayed while they are under construction or not yet in operation. What is clear is that more crimes have been reported with the increase of the number of casinos in Sihanoukville.³⁰

With the growing investment from China, there is also a growing number of Chinese business people, migrant workers, and tourists arriving in the area. Ng and Phang of Channel News Asia report there are 120,000 Chinese visitors and 78,000 Chinese residents in Sihanoukville.³¹ The overwhelming presence of Chinese nationals in the province is alarming given the Cambodian population in the province is just over 150,000. Both national and international media has dubbed Preah Sihanoukville “China Town” or “Macau 2”.³²

²⁶ Hannah Ellis-Petersen, “‘No Cambodia left’: how Chinese money is changing Sihanoukville,” *The Guardian*, July 31, 2018, accessed March 2, 2019, <https://www.theguardian.com/cities/2018/jul/31/no-cambodia-left-chinese-money-changing-sihanoukville>; Desmond Ng and Charles Phang, “China brings casino boom to Cambodian town – but doom to local businesses?” *Channel News Asia*, October 20, 2018, accessed March 2, 2019, <https://www.channelnewsasia.com/news/cnainsider/china-belt-road-casino-boom-sihanoukville-cambodia-phnom-penh-10846730>; Chan Thul Prak, “Chinese investment in Cambodian province pushes up crime rate, says governor,” *Reuters*, January 26, 2018, accessed March 2, 2019, <https://www.reuters.com/article/us-cambodia-china/Chinese-investment-in-cambodian-province-pushes-up-crime-rate-says-governor-idUSKBN1FF0XP>.

²⁷ Anna Fifield, “This Cambodian city is turning into a Chinese enclave, and not everyone is happy,” *The Washington Post*, March 29, 2018, accessed March 3, 2019, https://www.washingtonpost.com/world/asia_pacific/this-cambodian-city-is-turning-into-a-chinese-enclave-and-not-everyone-is-happy/2018/03/28/6c8963b0-2d8e-11e8-911f-ca7f68bff0fc_story.html?utm_term=.57a6db3f38a8.

²⁸ Mominic Faulder and Kenji Kawase, “Cambodians wary as Chinese investment transforms their country,” *Nikkei Asian Review*, July 18, 2018, accessed March 3, 2019, <https://asia.nikkei.com/Spotlight/Cover-Story/Cambodians-wary-as-Chinese-investment-transforms-their-country>.

²⁹ Supra note 21, Hor, “Number of casinos jumps.”

³⁰ Earl L. Grinols and David B. Mustard, “Casinos, Crime, and Community Costs,” *The Review of Economics and Statistics* 88, no. 1 (February 2006): 28-45; Chan Thul Prak, “Cambodia launches crackdown on Chinese prostitution rings,” *Reuters*, August 14, 2018, accessed March 3, 2019 <https://uk.reuters.com/article/uk-cambodia-china-crime/cambodia-launches-crackdown-on-chinese-prostitution-rings-idUKKBN1KZ0KG>.

³¹ Supra note 26, Ng and Phang, “China brings casino boom.”

³² Fifield, “This Cambodian city is turning”; Fullerton, “Cambodian unease as Chinese casinos turn seaside”; Lindsay Murdoch and Kate Geraghty, “The next Macau? China’s big gamble in Cambodia,” *The Sydney Morning Herald*, June 20, 2018, accessed March 5, 2019, <https://www.smh.com.au/world/asia/the-next-macau-china-s-big-gamble-in-cambodia-20180615-p4z1qg.html>.

Assessing the impacts of Chinese investments in Sihanoukville

Although Chinese investments have had dramatic impacts on Cambodia in general and Sihanoukville in particular, both positive and negative consequences can be observed. One of the most noticeable benefits of Chinese investments is infrastructure development, as evidenced by the mushrooming of the high-rise buildings, especially in Phnom Penh and Sihanoukville.³³ Other positive aspects include increasing job opportunities, better wages for the local workers, and higher incomes for the local businesses. Chinese investments have, for example, created over 21,000 jobs and the number is expected to reach 80,000 jobs by 2022.³⁴ Those who speak Chinese are able to receive better salaries. While the basic monthly salary in Cambodia is around \$170 for garment factory workers and \$250 for civil servants, Chinese-speaking workers earn between \$700 and \$1,200 a month.³⁵ Similarly, some property owners could see themselves making a fortune, earning between \$5,000 and \$7,000 a month renting property to Chinese, while they could previously make only between \$500 and \$1,000.³⁶ On the whole, the increasing income and wages enable the government to extract more taxes, which partly contributes to the improvement of the wellbeing of Cambodians through more construction of roads, bridges, hospitals, and schools.

Chinese investments have also presented opportunities for small and medium businesses to start and thrive. These businesses include hostels, guesthouses, and restaurants. Another positive effect of Chinese investments is the drastic transformation of the deep-water seaport in Sihanoukville.³⁷ In mid-2018, for example, the port launched a \$74 million multi-purpose terminal to accommodate bigger ships.³⁸ Despite all the considerable advantages, Chinese investments are seen to mainly benefit a small group of people, particularly high-ranking government officials and Cambodian elites.³⁹ Ordinary Cambodians tend to suffer the negative impacts of the investments, as will be shown in the following sections.

³³ Janelle Retka, "China Funded 70% of Cambodian Roads, Bridges: Minister," *The Cambodia Daily*, July 24, 2017, accessed March 7, 2019, <https://www.cambodiadaily.com/business/china-funded-70-of-cambodian-roads-bridges-minister-132826/>; Veasna Var, "China's Influence in Cambodia," *Khmer Times*, June 29, 2016, accessed March 7, 2019, <https://www.khmertimeskh.com/25255/chinas-influence-in-cambodia/>.

³⁴ Supra note 28.

³⁵ Ibid.

³⁶ Pisei Hin, "Rental prices in Sihanoukville at highest rate," *The Phnom Penh Post*, October 26, 2018, accessed March 9, 2019, <https://www.phnompenhpost.com/post-property/rental-prices-sihanoukville-highest-rate>.

³⁷ Pamela Victor, "What does China mean to Cambodia?," *The ASEAN Post*, February 13, 2018, accessed March 11, 2019, <https://theaseanpost.com/article/what-does-china-mean-cambodia>; Kenji Kawase, "Cambodia's biggest port sees China coveting Japan's dominant role: Fast-growing Sihanoukville harbor thrives amid Tokyo-Beijing rivalry," *Nikkei Asian Review*, August 3, 2018, accessed March 11, 2019, <https://asia.nikkei.com/Business/Company-in-focus/Cambodia-s-biggest-port-sees-China-coveting-Japan-s-dominant-role>.

³⁸ Jose Rodriguez T. Senase, "Cambodia's port-construction and expansion frenzy," *Khmer Times*, September 12, 2018, accessed March 11, 2019, <https://www.khmertimeskh.com/532905/cambodias-port-construction-and-expansion-frenzy/>.

³⁹ Supra note 14.

Political impacts

Chinese investments clearly impact Cambodian domestic politics and foreign policy.⁴⁰ Some scholars argue that Chinese investment fuels corruption and deteriorates the rule of law and governance.⁴¹ The corruption may take many forms, but in the case of Sihanoukville, the influential Chinese investors who collude with the corrupt Cambodian officials illegally use cars with an official government license plate to serve their own interests, a practice which is against Cambodian law. News of misuse or abuse of cars with government license plates is often highlighted when Chinese, who are generally not accustomed to driving in Cambodia, get involved in a traffic accident. Such incidents occur because the law is not really strongly enforced and they contribute to the already deteriorating rule of law – Cambodia was ranked second to the bottom in adherence to rule of law among 113 countries surveyed by the World Justice Project.⁴²

Another worrisome issue is cybercrime committed by Chinese nationals. In Cambodia, there is limited public knowledge and awareness of cybercrime and cyber security.⁴³ It has been reported that eight of 10 computers do not have any cyber security protection and Cambodia is ranked at seven out of 19 countries in the Asia Pacific region that are most affected by cyber threats.⁴⁴ In addition, there have been several attempts by hackers to take control of websites of the Cambodian ministries and government agencies such as the National Election Commission, the Ministry of Rural Development, the Ministry of Posts and Communications, and the Facebook page of some top leaders such as Prime Minister Hun Sen and his son Hun Manet.⁴⁵ Between 2011 to late 2017, the Cambodian government has deported 1,133 Chinese hackers for their illegal activities related to cybercrime.⁴⁶ There are concerns that Cambodia may be used as a place to launch cyberattacks on other countries and regions.⁴⁷

The cybercrime syndrome is very complicated. On the one hand, cybercrime may look like a crime the Cambodian government has to tackle; on the other hand, a small number of these hackers seem to work for the benefit of the ruling party – Cambodian People’s Party (CPP). Just before the general elections in July 2018, for instance, one US cyber security company, named FireEye, reported that hackers from TEMP.Periscope which has a close link with the Chinese government attempted to target opposition party members, government

⁴⁰ Ibid.

⁴¹ Sigfrido Burgos and Sophal Ear, “China’s Strategic Interests in Cambodia: Influence and Resources,” *Asian Survey* 50, no. 3 (May/June 2010): 615-639; Pheakdey Heng, “Cambodia–China Relations: A Positive-Sum Game?,” *Journal of Current Southeast Asian Affairs* 31, no. 2 (2012): 57-85; Supra note 33, Var, “China’s influence in Cambodia.”

⁴² Raksmei Hul, “Cambodia Ranks Second Lowest in Rule of Law Index,” *Voice of America Cambodia*, February 22, 2018, accessed March 13, 2019, <https://www.voacambodia.com/a/cambodia-ranks-second-lowest-in-rule-of-law-index/4264456.html>.

⁴³ Lauren Barret, “Cybersecurity more than just an IT issue, it’s a business issue,” *The Phnom Penh Post*, December 16, 2016, accessed March 13, 2019, <https://www.phnompenhpost.com/supplements/cybersecurity-more-just-it-issue-its-business-issue>.

⁴⁴ Ibid.

⁴⁵ Kimsay Hor and Daphne Chen. “Hacks a ‘wakeup call’ to telecom security weaknesses: gov’t,” *The Phnom Penh Post*, March 14, 2018, accessed March 13, 2019, <https://www.phnompenhpost.com/national/hacks-wakeup-call-telecom-security-weaknesses-govt>.

⁴⁶ Vida Taing, “Taskforce to fight Sihanoukville crimes,” *Khmer Times*, September 13, 2018, accessed March 13, 2019, <https://www.khmertimeskh.com/533013/taskforce-to-fight-sihanoukville-crimes/>.

⁴⁷ Ibid.

departments, human rights groups, and media outlets.⁴⁸ Among these targeted groups, government ministries excluded, the majority of them are simply viewed by the government as agents working for the opposition party and threatening the survival of Prime Minister Hun Sen's regime. As experience in Malaysia has shown, the leadership transition from one government to another represents a shift in foreign policy that may work against Chinese interests and therefore such evidence may encourage China to protect the incumbent Cambodian government by making sure that the outcome of the election for the CPP is predictable or even guaranteed.⁴⁹

The third politics-related issue is land grabbing fueled by the rapid rise in real estate prices.⁵⁰ Some corrupt officials, plotting with a few wealthy people, may seize the land from its rightful owners for commercial purposes.⁵¹ In September 2018, for instance, the court detained four villagers who claimed land that in fact belonged to them. The case provoked a protest joined by over 200 people who demanded the immediate and unconditional release of the four villagers.⁵² Similarly, in October 2018, a few Chinese real estate developers were believed to have encroached on the Prek Toub Lake, which is the primary water source for the province.⁵³ Part of these problems is that the official land titles of the rightful owners have been forged with new titles to allow selling the land to the Chinese.⁵⁴ Such land grabbing using Chinese investments are of great concern to the Cambodian government and people, as it has created much trouble and caused a lot of suffering to over 20,000 Cambodian families since 2003.⁵⁵

Land grabbing largely motivated by Chinese investments may help explain other political developments in the country. As evident in the 2013 general election and the 2017 local election, the CPP, the ruling party, appeared to be no longer popular among the Cambodian people as they were eager for leadership change. In 2013, for example, the CPP lost 22 seats to the now-dissolved opposition Cambodia National Rescue Party (CNRP), down from the 90 seats it won in 2008.⁵⁶ In the 2017 local election, the ruling party continued to experience its loss of political monopoly, ceding around 400 commune chiefs to the opposition

⁴⁸ Abby Seiff, "Chinese State-Linked Hackers in Large Scale Operation to Monitor Cambodia's Upcoming Elections, Report Says," *Time*, July 11, 2018, accessed March 13, 2019, <http://time.com/5334262/Chinese-hackers-cambodia-elections-report/>.

⁴⁹ *Ibid.*

⁵⁰ Andreas See Neef, Siphath Touch, and Jamaree Chiengthong, "The Politics and Ethics of Land Concessions in Rural Cambodia," *Journal of Agricultural and Environmental Ethics* 26, no. 6 (December 2013): 1085-1103; Ratana Pen and Phalla Chea, *Large-scale land grabbing in Cambodia: Failure of international and national politics to secure the indigenous peoples' rights to access land and resources* (Heirinch Boll Stiftung Cambodia, 2015), accessed March 15, 2019, https://drive.google.com/file/d/0BxgsSiPul_hmWFdJa0R1SzR1S1k/view; Alisa Tang and Chan Thul Prak, "Amid land grabs and evictions, Cambodia jails leading activist," *Reuters*, February 25, 2017, accessed March 15, 2019, <https://www.reuters.com/article/us-cambodia-landactivist/amid-land-grabs-and-evictions-cambodia-jails-leading-activist-idUSKBN164009>.

⁵¹ Samean Yun, "Cambodian Villagers Protest Land Dispute Case in Sihanoukville Province," *Radio Free Asia*, September 14, 2018, accessed March 15, 2019, <https://www.rfa.org/english/news/cambodia/cambodian-villagers-protest-land-dispute-case-in-sihanoukville-province-09142018143512.html>.

⁵² *Ibid.*

⁵³ Raksmeay Hul, "Activists claim Chinese investment fueling land disputes in Cambodia," *Voice of America Cambodia*, October 31, 2018, accessed March 15, 2019, <https://www.voacambodia.com/a/activists-claim-chinese-investment-fueling-land-disputes-in-cambodia/4637185.html>.

⁵⁴ *Ibid.*

⁵⁵ *Ibid.*

⁵⁶ *Supra* note 14.

party.⁵⁷ The declining popularity of the ruling party may be due in part to the unresolved and ongoing land disputes. To salvage the situation, after the 2018 general election, there were some promises from the ruling government that land disputes would be resolved as soon as possible. However, Prime Minister Hun Sen has acknowledged that his government has been very slow in pushing the land reform forward and was reported saying that slow land reform is one of the major regrets in his political life spanning over three decades.⁵⁸ Land grabbing issues may also lead to social disorder. While the court is not really independent⁵⁹, ordinary people in most instances have no chance of winning a land grabbing-related case.⁶⁰ The only solution the victims have is to take to the street and protest. While many protests have been peaceful and manageable, in some cases, they escalate into violence and rioting.⁶¹

Socio-cultural impacts

The massive influx of Chinese investors includes associates who may contribute to the increase in violence and crime in the affected provinces, particularly Sihanoukville. There have been several incidents reported in the media. In mid-2017, for example, several Chinese men were accused of being involved in sexual harassment and kidnapping at a massage parlor when they forced two masseuses into a taxi. Their plan failed when some Cambodian motorcycle taxi drivers strongly demanded the release of the two Cambodian women. The Chinese men began ambushing the Cambodian taxi drivers and later around 100 other Chinese men, each holding metal bars and other metal objects such as knives and swords, joined the fight. Several Cambodians suffered severe injuries.⁶² In 2018, criminal activity such as gun shooting and violent attacks in Sihanoukville and other popular Cambodian towns kept rising and it was

⁵⁷ Sokhean Ben, “NEC Releases Official June 4 Election Results,” *The Cambodia Daily*, June 26, 2017, accessed April 26, 2019, <https://www.cambodiadaily.com/news/nec-releases-official-june-4-election-results-131758/>.

⁵⁸ Narin Sun, “After CPP Election Win, Promises to Solve Cambodia’s Land Grabs Fade Again,” *Voice of America Cambodia*, September 21, 2018, accessed March 17, 2019, <https://www.voacambodia.com/a/after-cpp-election-win-promises-to-solve-cambodia-land-grabs-fade-again/4580316.html>.

⁵⁹ “Cambodia: Courts of injustice,” Amnesty International, May 30, 2017, accessed March 27, 2019, <https://www.amnesty.org/en/latest/news/2017/05/cambodia-courts-of-injustice/>; Jason Barber and Sophonnara Sou, “Independence of judiciary questioned,” *The Phnom Penh Post*, December 2, 1994, accessed March 17, 2019, <https://www.phnompenhpost.com/national/independence-judiciary-questioned>; ICJ Global Redress and Accountability Initiative, *Achieving Justice for Gross Human Rights Violations in Cambodia: Baseline Study, October 2017* (Geneva: International Commission of Jurists, 2017), accessed March 17, 2019, <https://www.icj.org/wp-content/uploads/2017/10/Cambodia-GRA-Baseline-Study-Publications-Reports-Thematic-reports-2017-ENG.pdf>.

⁶⁰ “CCHR Briefing Note – October 2014: Judicial Reform,” Cambodian Center for Human Rights, accessed March 17, 2019, https://cchrcambodia.org/admin/media/analysis/analysis/english/CCHR%20Briefing_Note_Judicial%20Reform_ENG_2014%E2%80%8B.pdf.

⁶¹ Alice See Beban and Laura Schoenberger, “Fieldwork Undone: Knowing Cambodia’s Land Grab Through Affective Encounters,” *ACME: An International Journal of Critical Geographies* 18, no. 1 (2019); Naly Pilorge, “Conflict over land in Cambodia is taking a dangerous turn,” *The Guardian*, September 26, 2012, accessed March 17, 2019, <https://www.theguardian.com/global-development/poverty-matters/2012/sep/25/conflict-over-land-cambodia>; Dara Voun, “Land dispute erupts into violence,” *The Phnom Penh Post*, January 9, 2019, accessed March 17, 2019, <https://www.phnompenhpost.com/national/land-dispute-erupts-violence>.

⁶² Supra note 32 Murdoch and Geraghty, “The next Macau?”

found that much of the activity was related in one way or another to the Chinese people living in Cambodia.⁶³ Official records show that Chinese were to blame for 28 casualties caused by traffic accidents in Sihanoukville in 2018.⁶⁴ There have been other issues related to assaults by Chinese on fellow Chinese regarding loans and debts.⁶⁵ To illustrate, two Chinese men who claimed to be the creditors confined their Chinese debtor over the \$3,000 loan when the latter borrowed money at a casino for gambling. These creditors were later brought into a police station for questioning. They were released with a warning.⁶⁶

Another problem is that Chinese have often failed to observe the local cultural practice and rule of law. Some Chinese business people, for instance, have attempted to run prostitution businesses in Sihanoukville. With the increasing number of the Chinese, there seems to be an increasing demand for sex services in the area.⁶⁷ Despite the fact that prostitution is illegal in Cambodia, the Chinese set up prostitution businesses and distributed leaflets for their sex services to the public. These actions drew harsh criticism from the Cambodia side. As a result, in mid-August 2018, seven of the Chinese people involved in publicizing the sex services were arrested for questioning at the Department of Human Trafficking and Minor Protection.⁶⁸ Since the law governing the issue is lenient, these seven Chinese people were later released with just a warning.⁶⁹ Many Cambodians see this incident as a violation of Khmer culture and have expressed their intense resentment against the Chinese.⁷⁰ This may have contributed to the increasing anti-Chinese sentiment among Cambodians, as observed by Hul Raksmeay and George Wright.⁷¹

There are also concerns over the deterioration of Khmer language resulting from the ignorance and carelessness of some Chinese individuals doing business in Cambodia. Many Chinese owners of restaurants, resorts, and hotels could not have been more careless, as they have often misspelled the Khmer language in their business signs. The local authority has so far taken down around 200 business signs in which obvious misspellings are found.⁷² While it looks like a small language error, some social observers consider the issue as a “crime”.⁷³ Vannarith Chheang, a Cambodian political analyst, observed that today’s Chinese immigrants are different from their ancestors who blended themselves with the local community and

⁶³ Ian Lloyd Neubauer, “Chinese mafia taking over idyllic Cambodian beach,” *news.com.au*, July 29, 2018, accessed March 18, 2019, <https://www.news.com.au/travel/world-travel/asia/chinese-mafia-taking-over-idyllic-cambodian-beach/news-story/23e247e1af47257c2ff9e90c7112548e>.

⁶⁴ Supra note 22, Prasso, “Chinese Influx Stirs Resentment in Once-Sleepy Cambodian Resort.”

⁶⁵ Buth, Reaksmeay Kongkea, “Two held for confining debtors,” *Khmer Times*, September 28, 2018, accessed March 18, 2019, <https://www.khmertimeskh.com/537513/two-held-for-confining-debtors/>.

⁶⁶ Ibid.

⁶⁷ Sovuthy Khy, “Seven Chinese caught distributing sex leaflets,” *Khmer Times*, August 14, 2018, accessed March 18, 2019, <https://www.khmertimeskh.com/522234/seven-chinese-caught-distributing-sex-leaflets/>.

⁶⁸ Ibid.

⁶⁹ Ibid.

⁷⁰ Supra note 26, Prak, “Chinese investment in Cambodian province pushes up crime rate.”

⁷¹ Supra note 53, Hul, “Activists claim Chinese investment fueling land disputes in Cambodia”; George Wright, “Anti-Chinese Sentiment on the Rise in Cambodia: Increasing Chinese political influence and presence in Cambodia has sparked anti-Chinese sentiment,” *The Diplomat*, November 7, 2018, accessed March 18, 2019, <https://thediplomat.com/2018/11/anti-chinese-sentiment-on-the-rise-in-cambodia/>.

⁷² Dara Voun, “Sihanoukville authorities take down signs in bad Khmer,” *The Phnom Penh Post*, November 27, 2018, accessed March 18, 2019, <https://www.phnompenhpost.com/national/sihanoukville-authorities-take-down-signs-bad-khmer>.

⁷³ Ibid.

peacefully mingled with the local residents. He argues that these new Chinese immigrants do not take any interest in learning the Khmer language, culture, and history.⁷⁴

Environmental impacts

There are also environmental consequences that warrant a brief discussion. Many Chinese nationals living and doing business in Cambodia, particularly in Sihanoukville, seem to have no concern for the environment. Sanitation and waste disposal have deteriorated in areas where they live and invest. There is a general belief among many Cambodians that most Chinese immigrants living in Sihanoukville are uneducated or are former prisoners and criminals. That is why their behavior is generally unacceptable.⁷⁵ Many casinos, power plants, and offshore oil platforms operated by the Chinese have contributed to the deterioration of environmental quality by dumping pollution from factories and construction sites directly into the sea.⁷⁶ A general lack of quality operating standards at Chinese casino and high-rise building construction sites has caused much pollution.⁷⁷ These environmental issues have created concern among environmental groups as well as the general public.⁷⁸

Investments by the Chinese in resort development projects have also produced hazardous effects on the forest and biodiversity in the affected area. For instance, one of the biggest Chinese investments in Sihanoukville is the Golden Silver Golf resort. This tourism project is designed to be the second largest tourist destination after Angkor Wat in Siem Reap. Covering 3,300 hectares, the resort is located in Ream National Park, 28 kilometers away from Sihanoukville town. The project operates within the land concession provided by the Cambodian government and is reported to cost around \$5 billion over a 20-year construction period.⁷⁹ There have been reports of environmental concerns when this project first began to take place. A large forest cover will be lost and a huge number of valuable trees such as the Siamese rosewood, which has been eagerly sought by the Chinese, will be removed.⁸⁰ In a country where illegal logging is rampant and very little action has been taken by the government to prevent it, this deforestation will make Cambodia more vulnerable to the repercussions of climate change and natural disasters.

⁷⁴ Paul Millar, "Seeing red / 'Cambodia doesn't have anti-China nationalism – yet,'" *Southeast Asia Globe*, November 13, 2018, accessed March 18, 2019, <http://sea-globe.com/anti-chinese-sentiment-in-cambodia/>.

⁷⁵ Vanrith Chrea, "Chinese Influx Brings Trash, High Prices to Cambodia's Sihanoukville," *Radio Free Asia*, October 11, 2018, accessed March 19, 2019, <https://www.rfa.org/english/news/cambodia/influx-10112018140456.html>.

⁷⁶ Hin Pisei, "Shortage of rooms in Sihanoukville," *The Phnom Penh Post*, September 4, 2018, accessed March 19, 2019, <https://www.phnompenhpost.com/business/shortage-rooms-sihanoukville>.

⁷⁷ Ibid.

⁷⁸ Supra note 14, Chheang, "The Political Economy of Chinese Investment in Cambodia"; Pheakdey Heng, "Are China's gifts a blessing or a curse for Cambodia?," *East Asia Forum*, August 29, 2018, accessed March 19, 2019, <https://www.eastasiaforum.org/2018/08/29/are-chinas-gifts-a-blessing-or-a-curse-for-cambodia/>; Huang Zhen, "Environmental and Social Impacts of Chinese Investment Overseas," The Asia Foundation, June 1, 2016, accessed March 19, 2019, <https://asiafoundation.org/2016/06/01/environmental-social-impacts-chinese-investment-overseas/>.

⁷⁹ Wanwisa Ngamsangchaikit, "Chinese take a slice of Cambodia," *TTR Weekly*, March 24, 2016, accessed March 19, 2019, <https://www.ttrweekly.com/site/2016/03/Chinese-take-a-slice-of-cambodia/>.

⁸⁰ Gregory McCann, "Cambodia: Last Hope for Indochina, or on its Last Breath?," *Asia Sentinel*, August 27, 2018, accessed March 19, 2019, <https://www.asiasentinel.com/society/cambodia-last-hope-indochina/>.

Socio-economic impacts

The changes occurring in the area have discouraged the Cambodian public to visit Sihanoukville province even though it used to be one of the most popular holiday destinations in the country. As an alternative, many Cambodian holiday-goers opt to visit the adjacent Kampot province where similar but less rewarding holiday experiences can be found. A report released by the Ministry of Tourism showed that during Pchum Ben festival (one of Cambodia's two major festivals; the other being Khmer New Year) in 2018, Sihanoukville saw a 13.49 percent decrease in the number of national tourists compared to 2017.⁸¹ The report observed that the decrease in the number of local tourists was because of poor road conditions and heavy rain. However, such an observation seems to eschew the reality and appears biased in favor of the Cambodian authority. Many Cambodian people now do not go to visit Sihanouk due to fear of insecurity, alienation, and violence. As Cambodian political analyst Meas Nee puts it, "a lot of news has been circulated on the level of crime and the behavior of the Chinese. There's also been a lot of cases where the local people have been alienated from their shop, their land, and this just made people become so resentful".⁸²

A more convincing reason of the decline of the number of Cambodian tourists to Sihanoukville province is probably related to the rising cost of accommodation and food in the area. Some Cambodian migrants from other provinces who moved to Sihanoukville have left. This phenomenon has contributed to the division between the rich and the poor in Sihanoukville.⁸³ While those who benefit from this social transformation tend to appreciate and welcome the Chinese presence, others, confronted with the high cost of living, tend to condemn the presence of the Chinese and take to social media or other forms of communication to voice their concerns. For instance, one tuk tuk driver whose room rental fee was only \$50 per month saw his rent go up to \$150 per month, creating too large a burden for him to bear. This driver also said that the owner of his rental room wanted to expel him because the Chinese could offer a higher price. Similar cases are not uncommon in this fast transforming province, forcing a lot of Cambodian migrant workers to leave Sihanoukville.⁸⁴ It has been reported that the rental fee can increase up to 10 percent compared to the original price. For example, the monthly house rental fee that used to be between \$200 and \$300 has increased to between \$2,000 and \$3,000⁸⁵ and those that range from \$500 to \$700 can jump to \$5,000 to \$7,000 per month, if rented to the Chinese.⁸⁶

In addition to the rising cost of living, the massive influx of the Chinese nationals and investors into Sihanoukville has also caused local shops to earn less profit or, even worse, forced to shut down, leading to more job losses. The side effect of this is that the number of foreign tourists who are non-Chinese, much like the local tourists, seems to be declining. Many Western tourists who like to dine at Cambodian local restaurants, buy local products, and prefer beaches and the sea stop visiting Sihanoukville and go to other alternative provinces such as

⁸¹ Ratha Kin, "Cambodia welcomed some 1.2 million tourists during Pchum Ben Day," *Asia Pacific Daily*, October 15, 2018, accessed March 20, 2019, <https://www.apdnews.com/news/892300.html>.

⁸² *Supra* note 74, par. 5.

⁸³ *Supra* note 26, Ellis-Peterson, "'No Cambodia left': how Chinese money is changing Sihanoukville."

⁸⁴ *Ibid.*

⁸⁵ *Supra* note 22, Prasso, "Chinese Influx Stirs Resentment in Once-Sleepy Cambodian Resort."

⁸⁶ *Supra* note 76.

Kampot and Siem Reap. As Pheakdey Heng, the founder of sustainable development think tank Enrich Institute, observes, “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 in Chinese restaurants, and stay in Chinese hotels. The trickle-down effect to local businesses is minimal”.⁸⁷ This observation has been confirmed by a Cambodian local restaurant owner reported by Channel News Asia. According to him, the Chinese prefer to dine at their fellow compatriots’ restaurants. This trend, coupled with the declining number of Western tourists, has caused his business to suffer.⁸⁸

Overall, the negative consequences of Chinese investments may lead to anti-Chinese sentiment among Cambodians. As Vannarith Chheang notes, “Cambodia doesn’t have anti-China nationalism – yet”. However, in the next 10 years, anti-Chinese sentiment may develop, if the situation continues to persist.⁸⁹ Wright has also talked of increasing anti-Chinese sentiments among Cambodians caused by the increasing Chinese political influence and presence in Cambodia, in particular, the bad behavior of Chinese workers and business people who have recently relocated to Cambodia.⁹⁰ Thus, from what has been discussed, it is clear that the impacts of Chinese investments are profound and seem to produce adverse effects on both countries and their people.

Critical comments and responses to the impacts of Chinese investments

In an attempt to voice concerns over the growing issue of violence, crimes, and other incidents, Sihanoukville Governor Yun Min penned a three-page letter to the Ministry of Interior, stating that the huge inflow of Chinese people into the province had presented “opportunities for Chinese mafia to come in and commit various crimes and kidnap Chinese investors, causing insecurity in the province”.⁹¹ Mey Kalyan, a senior advisor to the Cambodian Supreme National Economic Council, has a similar observation. He was reported saying that the rapid development in Sihanoukville has created an imbalance in the Cambodian society, causing more animosity and concerns among Cambodians who may think that their country is being taken by the Chinese.⁹² It is not very common in the Cambodian political system to have top government officials express their opinions regarding China or Chinese investments in public. They probably feel that the situation in Sihanoukville may become out of control if proper law enforcement is not in place and concrete actions are not taken to ensure public safety and security.

Interestingly, Sam Rainsy, a former president of the opposition party, who are currently in exile in France, argued in a letter to The Phnom Penh Post in April 2018 that Cambodian people are silent losers, accusing Chinese investments of creating “win-win-lose

⁸⁷ Supra note 78, Heng, “Are China’s gifts a blessing or a curse for Cambodia?”, par. 15.

⁸⁸ Supra note 26, Ng and Phang, “China brings casino boom to Cambodian town.”

⁸⁹ Supra note 71, par. 29.

⁹⁰ Supra note 71, Wright, “Anti-Chinese Sentiment on the Rise in Cambodia.”

⁹¹ Chan Thul Prak, “Chinese investment in Cambodian province pushes up crime rate, says governor,” *Reuters*, January 26, 2018, par. 4, accessed March 20, 2019, <https://www.reuters.com/article/us-cambodia-china/chinese-investment-in-cambodian-province-pushes-up-crime-rate-says-governor-idUSKBN1FF0XP>.

⁹² Supra note 26, Ng and Phang, “China brings casino boom to Cambodian town.”

arrangements”.⁹³ An outspoken government critic Sophal Ear, who teaches at Occidental College in Los Angeles, strongly warns that Cambodia, especially Sihanoukville, is very likely to become a province of China or Chinese wholly-owned subsidiary.⁹⁴ For Vannarith Chheang, if the current trend continues and remains uninterrupted, potential social clashes are likely to happen, much like what happened in Indonesia during the Suharto era.⁹⁵ Along similar lines, Preap Kol, an executive director of Transparency International Cambodia, calls for strict and effective implementation of rule of law in Cambodia to reduce crime rates and restore social order in the country.⁹⁶

As for ordinary local residents, a man who is a tuk tuk (motor) driver was reported saying that “Chinese people took away my city [...] and now everything is more expensive. Before we paid \$50 for rent. Now this year, \$150. I worry about the future [sic] the Cambodian people in Sihanoukville. Soon we will not be able to afford to live here”.⁹⁷ A vendor selling small items along the beach emotionally said that “We’re not going to feed ourselves soon. Our business is about to die”.⁹⁸ Examining the comments and reactions from the government officials, public intellectuals, and local residents, the concern that Sihanoukville will be turned into the second Macau appears reasonable. If the situation continues to be the same or become worse, Cambodia would lose control, a scenario every Cambodian would not want to happen.

While there are increasing concerns regarding the likely transformation of Sihanoukville into “Macau 2” as well as the growing number of crimes and casinos in the province, Hun Manet, who is chief of the Royal Cambodia Armed Forces and the oldest son of Prime Minister Hun Sen, strongly refutes such propositions. He reassures the public that Sihanoukville will not become the second Macau and its identity and uniqueness will be preserved.⁹⁹ Seeking to ease the situation, Chinese Ambassador to Cambodia Xiong Bo also assures Cambodia that China welcomes Cambodian actions to take down any Chinese criminals who commit crimes.¹⁰⁰ He also appeals to all Chinese nationals in Cambodia to abide by the Cambodian law and to learn to peacefully coexist with Cambodians.¹⁰¹ Likewise, Prime Minister Hun Sen has also addressed worries over the influx of Chinese nationals in Sihanoukville. He was reported saying that Cambodia lacks skilled workers; thus, the country must allow Chinese investors to bring in their skilled workers to help with technical work. Once the projects are complete, Chinese skilled

⁹³ Sam Rainsy, “Letter to the editor: Chinese investments in Cambodia are win-win-lose, and guess who’s the loser,” *The Phnom Penh Post*, April 30, 2018, accessed March 21, 2019, <https://www.phnompenhpost.com/opinion/letter-editor-chinese-investments-cambodia-are-win-win-lose-and-guess-whos-loser>.

⁹⁴ Vannarin Neou, “Q&A: Ear Sophal, Author of ‘The Hungry Dragon’, in Chinese Influence in Cambodia,” *Voice of America Cambodia*, May 2, 2018, accessed March 21, 2019, <https://www.voacambodia.com/a/interview-ear-sophal-author-of-the-hungry-dragon-in-chinese-influence-in-cambodia/4372583.html>.

⁹⁵ Supra note 74.

⁹⁶ Business Insight, “‘We need to fix Sihanoukville’ Q&A with Transparency International,” *Khmer Times*, November 12, 2018, accessed March 21, 2019, <https://www.khmertimeskh.com/549308/we-need-to-fix-sihanoukville-qa-with-transparency-international/>.

⁹⁷ Supra note 63.

⁹⁸ Supra note 32, par. 4.

⁹⁹ Sophon Mom, “Hun Manet: Sihanoukville is not Macau,” *Khmer Times*, March 7, 2018, accessed March 21, 2019, <https://www.khmertimeskh.com/112151/hun-manet-sihanoukville-is-not-macau/>.

¹⁰⁰ Suy Pav, “Chinese embassy addresses crime,” *Khmer Times*, July 25, 2018, accessed March 21, 2019, <https://www.khmertimeskh.com/515221/chinese-embassy-addresses-crime/>.

¹⁰¹ Ibid.

laborers will return to China.¹⁰² In what follows, the discussion turns to what the Cambodian and Chinese government can and should do to reverse the situation in Sihanoukville.

The ways forward

The situation in Preah Sihanoukville seems to be experiencing a downward trajectory, although the severity of the impact of Chinese investments remains to be seen. More and more problems have hit the media headlines. Both the government and the general public have expressed their concerns regarding the impact of Chinese investment in the province.¹⁰³ To address the issues and prevent further development of anti-Chinese sentiments among Cambodian people, something has to be done. Both the Cambodian and Chinese governments have important roles to play. Collaboration between the two countries is needed to calm the situation and reassure the Cambodian people that things will not get out of control. In other words, the problems will be managed in an effective manner and future Chinese investments would do more good than harm to the local people and communities in particular and the host country in general. The following are some recommendations for both governments to consider.

First, Cambodia and China should find ways to encourage or educate the Chinese people currently living in Cambodia and those planning to migrate to Cambodia to respect Cambodian law, culture, language, and social norms. To achieve this goal, the Chinese embassy in Cambodia with assistance from its Cambodian counterpart could help raise awareness of newly arrived Chinese investors and workers about what to expect and how to act in the context of Cambodia. Awareness-raising training may be provided, if required, before or shortly after the Chinese people arrive in Cambodia. Other forms of awareness-raising activities through media, organizations, and the involvement of the public and private sector are recommended. Both governments also have to work together to ensure that the Chinese people living in Cambodia understand Cambodian law, norms, and social expectations to help reduce crime rates and other forms of social misconduct, violence, and abuse. When more Chinese people in Cambodia understand their rights, responsibilities, and the limits of their rights, fewer incidents involving the Chinese diaspora in Cambodia would appear in the media and other forms of communication. The Cambodian Ministry of Justice, the Chinese embassy, and other relevant institutions do have important roles to play in realizing these objectives.

Second, a joint task force between Cambodia and China to combat crime-related activities should be set up. Recently, the Ministry of Interior set up a new task force to deal with crimes in Sihanoukville province.¹⁰⁴ Such an initiative is a good start in addressing relevant

¹⁰² Kunthear Mom, “PM addresses worries over Chinese,” *Khmer Times*, October 25, 2018, accessed March 21, 2019, <https://www.khmertimeskh.com/543897/pm-addresses-worries-over-chinese/>.

¹⁰³ Supra note 26, Ellis-Peterson, “No Cambodia left: how Chinese money is changing Sihanoukville”; Supra note 28; Supra note 22, Prasso, “Chinese Influx Stirs Resentment in Once-Sleepy Cambodian Resort”; John Reed, “Cambodia’s embrace of China stirs local tension,” *Financial Times*, February 21, 2018, accessed March 22, 2019, <https://www.ft.com/content/79faf14a-15f5-11e8-9376-4a6390addb44>; Nathan Paul Southern, “China’s construction bubble may leave Cambodia’s next generation without a home,” *Southeast Asia Globe*, November 6, 2017, accessed March 22, 2019, <http://sea-globe.com/construction-cambodia/>.

¹⁰⁴ Sokhorng Cheng, “Task force tries to ease tensions between Cambodian and Chinese businesses in Sihanoukville,” *The Phnom Penh Post*, January 31, 2018, accessed March 22, 2019, <https://www.phnompenhpost.com/business/task-force-tries-ease-tensions-between-cambodian-and-chinese-businesses-sihanoukville>.

issues and maintaining social order. It is better to engage Chinese counterparts in this process. Bilateral cooperation may include information-sharing about potential suspects currently living in or planning to visit Cambodia. This information is critical for the task force to prepare for the worst-case scenario. Some information may be sensitive but China needs to realize that such information is significant for the Cambodian authority to tackle these issues before they happen.

Third, both governments should encourage the Chinese people in Cambodia to learn more about Khmer language, history and culture. An understanding of these important socio-cultural aspects of the host country would help Chinese people integrate themselves into the Cambodian community, allowing them to live and coexist peacefully with the local residents. The experience and narrative of the previous generation of Chinese immigrants in Cambodia may be a good lesson from which the current and future Chinese immigrants can learn to adapt and socialize themselves into Cambodian society.¹⁰⁵

Fourth, the Cambodian government should take measures to enforce the rule of law and ensure that each person residing in Cambodia, regardless of their nationality, has to comply with the law of the country or face the consequences. Law enforcement should be at the top of the government's efforts to maintain social order and reduce crime rates in Sihanoukville in particular and in other areas in Cambodia. The perpetuation of the seemingly lawless situation and lack of strong law enforcement will continue to frustrate and anger the Cambodians who are often the victims of crimes, violence, and social injustice.¹⁰⁶ If the Cambodian government continues to let the anti-Chinese sentiment persist and increase while no real actions are being taken, people may resort to violence, which could potentially lead to social chaos and large-scale violence, as seen in a violent riot against Thailand in Phnom Penh in 2003.¹⁰⁷ Neither government wants fear, anger, and hate among Cambodians against Chinese immigrants since it presents a lose-lose scenario for both countries and their people. Mutual respect rather than hate should be nurtured and promoted to improve good relations between the two countries.¹⁰⁸

The Cambodian government has to diversify its sources of foreign investment. Relying solely on the Chinese will harm Cambodia and its people in the long run. For example, Cambodia may find itself falling into "the Chinese sphere of influence" at the expense of its relations with other countries.¹⁰⁹ There is a perception that Chinese fail to consider the interests

¹⁰⁵ See Supra note 74 for a brief discussion of how the modern Chinese migrant workers are different from the previous generation of Chinese immigrants.

¹⁰⁶ Ta-Wei Chu, "The State Actor in Human-Security Issues: A Study of Cambodia and Indonesia," *International Studies Review* 16, no. 2 (December 2015): 71-92; Sovachana Pou and Alice Beban, *Human Security in Cambodia: Far From Over*, JICA-RI Working Paper, no. 95 (2015).

¹⁰⁷ Pongphisoot Busbarat, "Thailand's Foreign Policy: The Struggle for Regional Leadership in Southeast Asia," chap. 7 in *Globalization, Development and Security in Asia*, ed. Benny Cheng Guan Teh, Sarah Y Tong, Jie Li, Chi-Jen Yang, and Jieli Li, vol. 1, (Singapore: World Scientific, 2014).

¹⁰⁸ Kimkong Heng, "Withdrawal of EU Trade Preferences: What Choices Does Cambodia Have?," IPP Review, November 7, 2018, accessed March 23, 2019, <http://ippreview.com/index.php/Blog/single/id/826.html>. Heng discusses the role of mutual respect in improving Cambodia-Thailand relations in this piece.

¹⁰⁹ Kimkong Heng and Sovinda Po, "Cambodia and China's Belt and Road Initiative: Opportunities, Challenges and Future Directions," *UC Occasional Paper Series* 1, no. 2 (2017): 12.

of ordinary people, and that their businesses tend to be largely motivated by financial interests at the expense of social, cultural, and environmental considerations.¹¹⁰

It is hard to balance the advantages and disadvantages of Chinese investments. While continuing to welcome investments from China and strengthening the rule of law in the country, Hun Sen's government should improve its human rights record to attract Western investors and avoid the deteriorating situation, which has been the EU's basis for threatening to withdraw its EBA preferential trade scheme with Cambodia.¹¹¹

Finally, Cambodia should take maximum advantage of ASEAN and its neighboring countries. To achieve this aim, more cordial and harmonious relations with its ASEAN counterparts, especially Thailand and Vietnam, are the first step in the process. Although Cambodia now has benefited from investments from its ASEAN partners, more can and should be done to further facilitate and attract investors from within ASEAN. By encouraging more investments within the ASEAN region, ASEAN harmony and centrality would experience real benefits from these business and people exchanges. A strong and dynamic ASEAN where each member understands and complements each other through investments, collaboration, and other reciprocities is an ideal goal that ASEAN has to work toward achieving. Cambodia, as part of ASEAN, has a significant role to play in this respect.

¹¹⁰ David Koh, *Chinese investments in Cambodia: View of Chinese soft power from the ground up* (Phnom Penh: Cambodian Institute for Cooperation and Peace, 2016), 79-88; Supra note 33, Var, "China's interests in Cambodia."

¹¹¹ Heng, "Withdrawal of EU trade preferences"; Cecilia Malmström, *On Myanmar and Cambodia*, European Commission, October 5, 2018, accessed March 23, 2019, https://ec.europa.eu/commission/commissioners/2014-2019/malmstrom/blog/myanmar-and-cambodia_en.

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