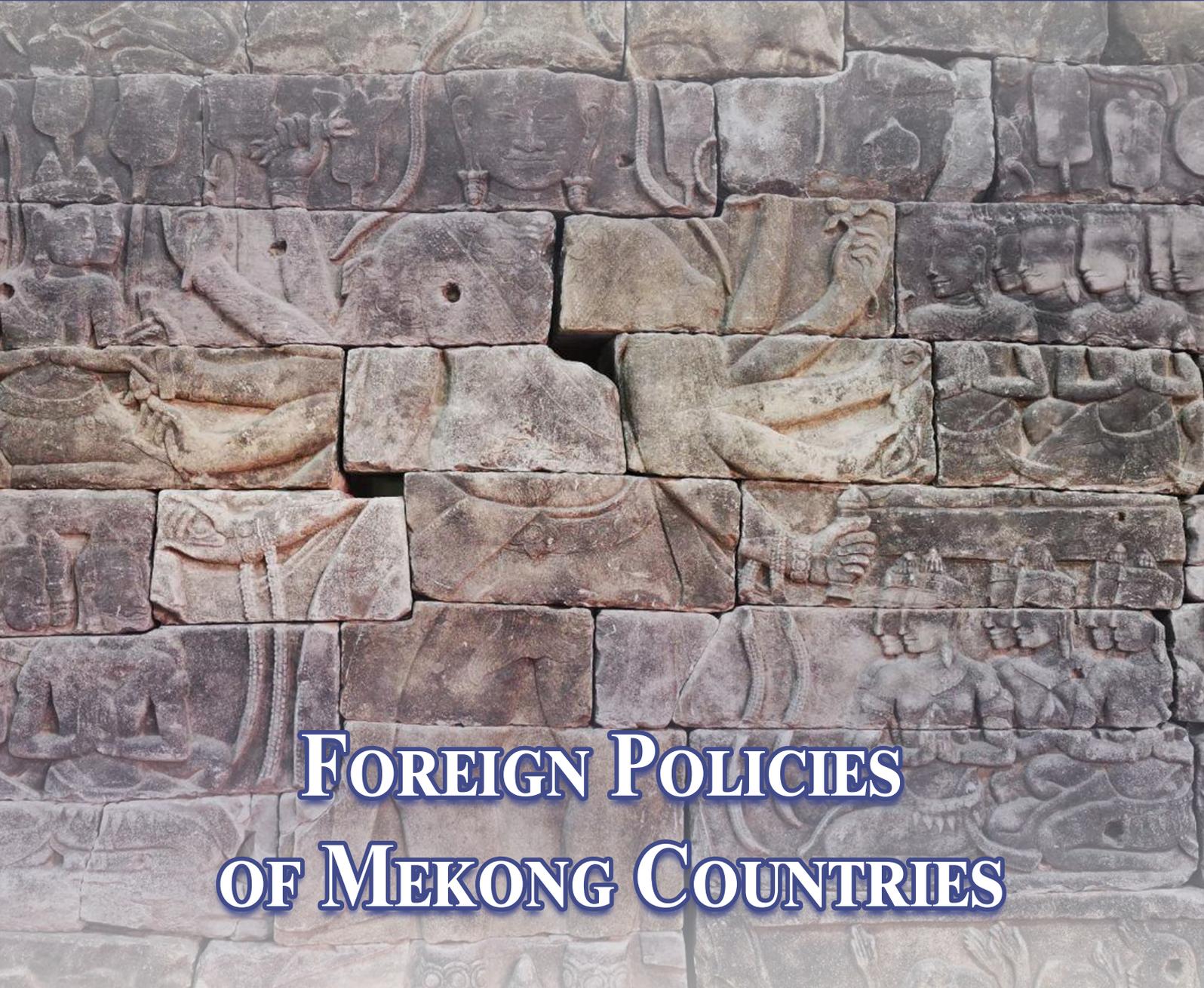


# MEKONG CONNECT

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## FOREIGN POLICIES OF MEKONG COUNTRIES



ASIAN VISION INSTITUTE

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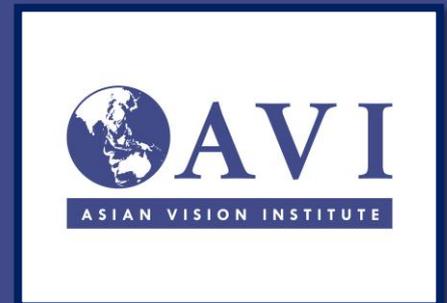
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# Editorial Foreword

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This volume of the Mekong Connect Magazine comprises of ten different articles by prominent scholars, many of whom are based in the Mekong region which has growing economic and geo-strategic significance. The significance and robustness of the region have attracted external powers namely the US, China, Japan, India and the European Union to reinforce their stakes in this region through various means ranging from economic cooperation and military assistance to the support of political regimes of certain countries in the region.

In Cambodia, whilst power competition between great powers, especially China and the US, has provided the Kingdom with some tangible benefits, it has, at times, exposed the Kingdom to certain risks, strategic dilemma in particular. Cambodia has been allegedly portrayed as a China's satellite state, owing to the former's backing of the latter's position in the South China Sea dispute in 2012 and its benefiting from President Xi Jinping's signature initiative called the Belt and Road Initiative (BRI). Whether or not Cambodia is a Chinese proxy has become an important theme for debates in international diplomacy nowadays, and it is examined in this issue of the magazine. Moreover, some main challenges facing the Kingdom in maintaining her foreign policy independence and territorial sovereignty against the backdrop of US-China rivalry are identified, and some practical policy recommendations to overcome those challenges are put forth in this volume.

Cambodia is not the only small state in the Mekong region that has endured negative repercussions arising from the great power rivalries. Laos has also encountered similar problems in recent years. With its growing economic ties with its giant neighbour—China—Laos has faced a dilemma in balancing its relationship with its traditional ally—Vietnam. The ways Laos have addressed this dilemma and the extent to which this small country has engaged other regional powers to offset the growing Chinese influence are interestingly discussed in this publication. Vietnam's foreign policy towards the European Union (EU) is another interesting case being investigated in this volume. Vietnam has, despite its longstanding communist political system, positioned itself as a great benefactor from the great power competition in the region, as evidenced by its recent conclusion of two major agreements with the EU, EU-Vietnam Free Trade Agreement (EVFTA) and EU-Vietnam Investment Protection Agreement (EVIPA), while some other regional countries are still struggling to maintain cordial relations with the EU. This volume offers valuable insights into the rationales of the EVFTA and EVIPA, which serve as important lessons for other countries to replicate.

The volume also illustrates the rationales behind the creation of some outstanding connectivity mechanisms and their significance to the sustainable development in the Mekong region. Interestingly, the rationales behind the attractiveness of certain China's proposed initiatives, particularly the Mekong-Lancang Cooperation (MLC), are discussed. Despite being wary of China's growing influence, Mekong countries have shown their support for the MLC. Hence, it is important to understand the underlying reasons for such an attractiveness.

To make this volume richer in substance, some other important issues that may affect the foreign policies of some important ASEAN countries such as Indonesia, Myanmar and Malaysia have also been incorporated and discussed. Those issues include governance, economy, history, identity politics and sustainable development. The last article in the volume uses historical and anthropological lenses to compare two broad categories of Chinese communities in Cambodia, which may have important implications for improving Sino-Cambodian relations.

In a nutshell, the Asian Vision Institute (AVI) envisions that this volume of the Mekong Connect will serve as an important reference for readers who seek to stay abreast of the contemporary foreign policies of the Mekong countries in particular and of ASEAN countries in general.

# MEKONG CONNECT

*Volume 01, Issue 03*

*Foreign Policies of Mekong Countries*

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# Cambodia's Foreign Policy in a New Era

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*Dr Chheang Vannarith*

The world is becoming more volatile and complex as global power transition and diffusion are fast evolving. Clearly, the world is in transition towards a multipolar world or a multiplex world, in which multiple state and non-state actors have greater interactions, work together to address emerging global issues and shape a global regime that is expected to be more open, inclusive and fair.

In the Asia-Pacific, the US-China power competition is threatening regional peace and stability, as it has created security dilemma for small states in Southeast Asia that are striving to create a stable balance of power or regional strategic equilibrium. In the meantime, non-traditional security challenges have also emerged. Regional development gap, competition over access to strategic resources such as water resources in the Mekong region, environmental degradation, climate change, and violent extremism, among others, need to be reckoned with.

## *Foreign policy options for small states*

The return of great power politics and zero-sum power rivalries, accompanied with high uncertainty and unpredictability, underpin the formation of a new world order in which a new set of rules is being formed. Small states, due to their constraints and vulnerabilities, are facing mounting challenges to maintain their neutrality. Small states are compelled to adapt themselves to changes in the international system.

However, small states are not without agency. They could shape the international system through the creation and diffusion of norms, alignment with certain major powers, or building a coalition against a hegemonic power. Small states can be “poisonous shrimps” that could

deter the attacks from more powerful states. They can reduce power asymmetry and put constraints on major powers by strengthening multilateral system and international law. Building an open, inclusive, effective and rules-based international system is the common interest of small states.

One of the foreign policy options for small states is to hedge against risks. Countries in Southeast Asia have adopted a hedging strategy at varying degrees. Hedging strategy has been commonly implemented in the forms of pragmatic, flexible and smart diplomacy (how to transform external challenges into opportunities for national development), diversification strategy or omni-directional international engagements, and the promotion of multilateral system.

## *Cambodia's foreign policy options*

Amidst such heightening geopolitical uncertainty and complexity, Cambodia's foreign policy becomes even more essential to sustain peace and stability. It is critical for Cambodia to develop a smart foreign policy to navigate the country through uncertain, turbulent times ahead. The making of foreign policy even determines the future development of the country. Without the right decision and direction in foreign policy making and innovative and visionary leadership, Cambodia may once again become a pawn of geopolitical game.

History informs that without forging a firm and resilient national unity and neutrality, Cambodia's vulnerability to external changes and international system becomes higher. Cambodia used to be the victim of the Cold War due to the failure of domestic reforms and the fragmentation of national unity. Cambodia's hard-earned peace and political stability remain fragile due to the deepening political polarisation and a new wave

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**Dr Chheang Vannarith**, President of Asian Vision Institute

of foreign interventions, especially under the pretext of protecting democracy and human rights.

Cambodia's foreign policy is rooted in geopolitical realities (particularly the relations with its neighbours) and shaped by the country's nation-building process, historical memories (anti-colonialism and anti-imperialism), and economic conditions. Domestic politics, leadership changes and external environment have defined the trajectory of foreign policy, as foreign policy is largely an extension of domestic politics. The political leaders are fully aware of the need to enhance diplomatic capacity with visionary, robust reforms and carefully crafted foreign policy strategies.

As a small and open economy, Cambodia must survive in, be part of, and emerge from the complex and unpredictable global security and economic systems. To achieve that, Cambodia must be totally independent, neutral, and forward-outward looking. Deepening regional integration, while maintaining strategic autonomy, has been one of the key foreign policy priorities.

### ***Principles and interests***

Basically, Cambodia's foreign policy centres on 'Four-No' principles (No alliance with any country. No compromise on independence and sovereignty. No foreign military bases. No foreign interference). Historically, however, Cambodia failed to uphold these foreign policy principles due to the complexities and changing of national and international circumstances and the lack of leadership and institutional capacity to adjust and adapt to the changes.

There are four core national interests defined in Cambodia's contemporary foreign policy, namely (1) the protection of sovereignty, independence, and territorial integrity; (2) the maintenance of peace, security and political stability; (3) the promotion of economic development and poverty reduction; (4) the

promotion of national prestige and cultural identity. Geographically located between two larger neighbours (Thailand and Vietnam), the question of sovereignty and territorial integrity has been historically and geo-strategically at the heart of Cambodia's domestic politics and foreign policy.

### ***Shaping factors***

As for the factors shaping Cambodia's foreign policy, internal factor is the most important. Domestic political conditions and dynamics directly affect foreign policy posture. As different political parties and interest groups have different priorities and approaches in the formulation and implementation of foreign policy, this puts Cambodia in a relatively fragile and vulnerable position especially within the context of increasing geopolitical competition between major powers in the region.

The most challenging task for Cambodia is therefore to develop and strengthen its *domestic core*, which consists of national unity, social and political consensus, strong democratic institution, and leadership capacity. Without forging a strong *core* together with pragmatism, Cambodia risks being drawn into the major powers' game. The ongoing political tension, rising political polarisation, and social fragmentation are weakening the *domestic core* and damaging national interests. Irresponsible politics and fake news have further exacerbated the political situation.

### ***Policy proposals***

Cambodia needs to overcome domestic constraints, grasp opportunities, and stand up to the challenges from within and outside. The world is getting more interconnected and interdependent. Nation-states fall or rise depending on their competitiveness. ASEAN community building process and intra-regional connectivity plans are underway. Sub-regional cooperation schemes and frameworks such as growth triangles, greater Mekong sub-region, and

other economic corridors in the Mekong sub-region are picking up steam.

What should Cambodia do next? First, it needs to tackle domestic politics through dialogues and negotiations. It needs to put national interests ahead of the narrow and short-term interests of the political parties and interest groups. Its foreign policy needs to have a long-term vision with realistic strategic action plans. More robust debates and consultations on evolving world order and Cambodia's foreign policy need to be promoted.

Secondly, Cambodia needs to develop strong research capacity and information analysis related to geopolitics and geo-economics, scale up diplomatic professionalism, and cultivate a culture of dialogues among key stakeholders working on international issues. Cambodia needs to develop the quality of research institutes, think tanks, and training programs on international studies. Once the capacity and competency are improved, Cambodia has higher chances of transforming external challenges into a source of national development and strength.

The Ministry of Foreign Affairs and International Cooperation (MOFAIC) has carried out reforms with remarkable achievements in strengthening the institutional capacity and competency of diplomats. The National Institute of Diplomacy and International Relations (NIDIR) was established to train and equip diplomats with analytical skills and related soft skills. Capacity building is a long-term investment. It might take several years to bear fruits.

Thirdly, Cambodia needs to pursue strategic diversification, support multilateralism, maintain stable relationships with all major powers, strengthen the centrality role of ASEAN, uphold and advocate for rules-based international order, and promote peace through dialogues and negotiations. In his remark at the United Nations General Assembly in 2018, Prime Minister Hun Sen stated, "Cambodia, as a small economy,

believes in a rules-based international cooperation".

Fourthly, Cambodia has explored and developed its own types of soft power. Historical-cultural heritage has been the main source of Cambodia's soft power projection. Cambodia has been chosen as the host Secretariat of the nascent Asian Cultural Council (ACC), established with the aim to further link culture with peace and sustainable development in Asia. Cambodia has also developed its soft power based on humanitarianism such as anti-landmines campaign, humanitarian demining action, United Nations Peacekeeping Operations (UNPKO), and the promotion of Responsibility to Protect (RtoP). Moreover, to promote its positive image abroad, Cambodia needs to implant a culture of good governance and project itself as a champion of sustainable development. Promoting a "centrist democracy" with Cambodian characteristics is potentially another source of Cambodia's value and soft power.

#### ***Four pillars***

Based on the history, national strength, comparative advantages, and megatrends of global development, Cambodia should focus its foreign policy on four main pillars. Firstly, **peace diplomacy**- which refers to the contribution to world peace such as in the form of international support to peacekeeping and peacebuilding. Notably, Cambodia has so far sent more than 6,000 peacekeeping forces to several conflict zones in the world.

Secondly, **economic diplomacy**- which refers to the enhancement of an open and inclusive multilateral economic system, regional integration, and international connectivity. Expanding export markets, attracting foreign direct investments, promoting technology and innovation, and human capital development are instrumental to realise national development vision.

Thirdly, **cultural diplomacy**- which refers to the promotion of mutual understanding, cultural exchanges, people-to-people ties, and the preservation of historical and cultural heritages. Rich in historical and cultural heritages, Cambodia can advance its international image and prestige through making meaningful contributions to human civilisation.

Fourthly, **cyber diplomacy**- which refers to the use of cyberspace to advance national interests. As Cambodia embraces digital economy, its economic and security infrastructures are becoming more vulnerable to cyberattacks and cyberthreats. Therefore, working with regional and international partners to set up rules in cyberspace governance should be one of the main foreign policy objectives.

### **Outlook**

The future of Cambodia relies on its strong *domestic core* and pragmatic, flexible and smart foreign policy, which together can effectively transform the external environment into a source of peace and socio-economic development; transform external challenges into opportunities; and promote Cambodian soft power especially through cultural diplomacy and peace diplomacy.

To realise its vision to be an upper-middle income country by 2030 and a high income country by 2050, Cambodia has to develop a state-of-the-art foreign policy by investing more in diplomatic capacity, developing professional diplomats, and increasing strategic thinkers. And economic diplomacy and cyber diplomacy are instrumental to realise the development goals.

# Cambodia and Major Powers: Limited Strategic Manoeuvrability

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*Dr Cheunboran Chanborey*

The failure of ASEAN Foreign Ministers' Meeting in Phnom Penh in July 2012 to issue a joint communiqué has been constantly used to build a misleading narrative that Cambodia is China's 'de facto proxy' in Southeast Asia and a spoiler in ASEAN. Moreover, it has been widely reported that Chinese largesse has irreversibly pushed Phnom Penh into Beijing's orbit.

Such accusations are based on poor and rigid analyses and do not really reflect Cambodia's foreign policy direction. In fact, although China has become Cambodia's most important economic and strategic partner, the Cambodian government has pursued a delicate hedging strategy with the objectives of promoting economic prosperity, foreign policy autonomy and strategic manoeuvrability for Cambodia.

The strengthening of Cambodia-Japan relations is a clear manifestation of Cambodia's hedging enterprise. Close observers of the recent developments in the bilateral relationship would have noticed some key elements of Cambodia's hedging dynamism.

At a strategic level, Japan became Cambodia's second strategic partner in December 2013. The first is China with the establishment of 'Cambodia-China Comprehensive Strategic Partnership' in 2010. Interestingly, the 'Cambodia-Japan Strategic Partnership' was announced days after China had declared its Air Defence Identification Zone over the East China Sea, an overlapping area also claimed by Japan. The announcement explicitly expressed Cambodia's full autonomy in making its own foreign policy.

Prime Minister Hun Sen was the first Head of Government in Southeast Asia to express a strong support for Japan's 'Free and Open Indo-Pacific' (FOIP) during his official visit to Japan in August 2017. It is worth mentioning that Chinese leaders and media alike have been extremely critical of the FOIP strategy. In fact, containment has been a buzzword in Beijing's understanding of the Indo-Pacific concept that has been put forwards by the Quad countries, namely Japan, the US, India and Australia.

More recently, Prime Minister Hun Sen has expressed his support for Japan's permanent membership in the United Nations Security Council (UNSC). Therefore, Phnom Penh's public endorsement of Japan's FOIP and its great power status in the UNSC should be enough to prompt those who have argued that Cambodia is a client state of China to recalibrate their assessment.

Economically, Japan has been the biggest and longest provider of bilateral ODA to Cambodia since 1992. As of 2013, Japan had disbursed to Cambodia a total ODA of US\$2.374 billion. In 2016, Japanese grant aid to Cambodia amounted to US\$85 million, while loan amounted to USD98 million. Cambodia has promoted its trade and investment relations with Japan with the objective of diversifying the Kingdom's economic relations. Over the past four years, Japan has constantly been Cambodia's second largest investor (with total investment of US\$803 million in 2016 alone).

More noticeably, Phnom Penh offered JICA to take a 13.5 per cent equity stake in Cambodia's Port Authority Sihanoukville (PAS) in June 2017. As a major stakeholder, JICA has been playing an

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**Dr Cheunboran Chanborey**, Member of Board of Directors at Asian Vision Institute

important role in managing Cambodia's largest and only deep-sea port, which Japan has helped develop since 1999. A senior official at Cambodia's Ministry of Economy and Finance argues that JICA's involvement in the PAS is Phnom Penh's calculated move to diversify Cambodia's strategic assets. Therefore, the rumour that Cambodia has allowed China to use Sihanoukville as a military base is false and groundless.

However, Cambodia's strategic relations with other major powers is still limited. Today, Cambodia's strategic cooperation with the US is difficult to conceive due to three main reasons. First, in their world view, Cambodian security and foreign relations strategists have increasingly believed that American supremacy in Asia has declined due to its diminishing economic and diplomatic capacity and weakening regional confidence in American leadership as a result of bipartisan political gridlock in Washington. The Trump phenomenon has further accelerated the fading confidence. In contrast, the rapid rise of China has convinced the Cambodian leaders that the future of Asia would be Sino-centric.

Second, there is a strategic divergence between the two countries, at least from a Cambodian perspective. Phnom Penh is of the view that Cambodia has never been in American strategic interest in Asia and that the White House has always preferred Thailand and Vietnam to Cambodia. Given Cambodia's historical antagonistic relations with these two neighbours, such a perception presents a significant structural constraint to the Cambodia-US strategic ties.

Third, the Cambodian leadership's suspicion of Washington remains strong due to historical memories of the US interference in Cambodia's domestic politics and perception of America's double standards vis-à-vis the promotion of liberal democracy and the respect for human rights and freedom. Even worse, Washington's support for Cambodia National Rescue Party, which was dissolved in late 2017 for an attempted

colour revolution in Cambodia, has exacerbated trust deficit.

Cambodia has also attempted to diversify its relations with other major powers, noticeably France and Russia, as illustrated by the Cambodian leaders' frequent visits to the two countries. Phnom Penh's relations with France and Russia are based on long traditional friendship, strong bonds of personal relations between the leaders, as well as the historical roles of these two powers in Cambodia. However, Cambodia's attempts to revitalise its relations with France and Russia are more about tactical move than genuine strategic directions of the Kingdom due to the conviction that Paris and Moscow are neither willing to nor capable of protecting Cambodia. More importantly, the two powers lack economic leverage in Cambodia.

Over the last two decades, Cambodia has also promoted its relationship with the European Union (EU) based on the principle of equal partnership with the focus on robust trade and investment, stronger people-to-people ties, and respect for democracy and human rights. However, the EU's threat to withdraw its preferential trade treatment from the Kingdom, the Everything but Arms (EBA), as a response to the so-called "death of democracy" in Cambodia has entailed the regional grouping's double-standard towards this Southeast Asian state. Apparently, there is a growing perception in Cambodia that the EU has used the promotion of democratic values as a pretext to advance its geo-economic and strategic interests in Asia.

All in all, Cambodia should, in theory, seek to diversify its foreign relations with other major powers in order to enable Cambodia to avert risks and vulnerability from its asymmetric relations with China. In practice, however, Cambodia's strategic relations with external powers are still limited. Besides China, Cambodia has placed its bet on Japan through the establishment of Cambodia-Japan Strategic Partnership in 2013 and its support for Japan's expanding roles in the region and beyond. Therefore, rather than

blaming Phnom Penh for its over-reliance on a single major power, the international community, especially the major powers, should ask

themselves what they can do to support and enable Cambodia's foreign policy diversification effort.

# Cambodia's Increasing Tilt Towards China: A Practical but Not Sustainable Foreign Policy Manoeuvre

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*Kimkong Heng*

The proposition that Cambodia has tilted towards China apparently rooted in the 2012 ASEAN Foreign Ministers fiasco.

The Kingdom was criticised for aligning itself so closely with China after it had constantly turned down her ASEAN fellows' proposed wordings condemning China's growing assertiveness in the South China Sea. As a non-claimant state, Cambodia has often reiterated its stance of staying out of the South China Sea dispute, involving China and some ASEAN Member States, namely Brunei, Malaysia, the Philippines, and Vietnam. Notwithstanding this claim, political observers and analysts are not entirely convinced and point to the massive influx of aid and loans as well as foreign direct investment from China as the root cause of Cambodia's lack of willingness to criticise China's alleged aggression in the disputed territory in the South China Sea.

For various reasons, Cambodia has been labelled particularly by the West as a vassal state of China. The country has helped Beijing to expand its regional and international ambitions and has enthusiastically supported Chinese projects and initiatives such as the Lancang-Mekong Cooperation and the Belt and Road Initiative (BRI). In fact, many countries also support the Chinese initiatives; however, Cambodia's support of them seems to be in the spotlight given strong Sino-Cambodian ties and China's growing presence in the Kingdom. In exchange for Phnom Penh's loyal support, China has continued to back the Cambodian government of Prime Minister Hun Sen providing financial assistance and other forms of tangible benefits. China, for example, invested US\$5.3 billion in Cambodia between 2013 and 2017. It has envisaged to increase its bilateral trade volume with Cambodia from US\$6

billion in 2017 to US\$10 billion by 2023. China has further granted roughly US\$90 million in aid to strengthen Cambodia's defence sector, and it has recently pledged almost US\$600 million in aid to Cambodia for a three-year period from 2019 to 2021.

China is at present Cambodia's closest ally and the largest donor and biggest economic influencer. Beijing is also the top donor of military aid to Phnom Penh. Both countries conducted their third "Golden Dragon" joint military exercises in March 2019, amidst the Kingdom's suspension of its annual "Angkor Sentinel" joint exercises with the US since 2017. These moves and the increasing economic and military engagements between Beijing and Phnom Penh seem to signal the latter's pivot away from the West and towards China.

Given China's growing power and the escalating superpower rivalry, Cambodia's deepening relationship with China and of course the Kingdom's increasing tilt towards China have generated unease within Southeast Asian region and beyond. No doubt, Phnom Penh's increasingly close ties with Beijing will continue to have implications for ASEAN in relation to the unresolved maritime territorial disputes between some ASEAN Members and China. Cambodia, perceived by many as a Chinese client state, might continue to act in favour of China at the expense of ASEAN unity.

Outside of ASEAN, Cambodia's closer embrace of China and Chinese development initiatives have caused discomfort in Washington. In particular, the United States of America has begun to realise Cambodia's strategic significance, despite it being a small state with

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limited resources and capability, in the broad theatre of Sino-American geopolitical struggle for dominance in the Indo-Pacific region. Rumours and allegations by the US over a potential Chinese naval base in the southwestern Cambodian provinces of Koh Kong and Sihanoukville, despite a lack of solid evidence supporting the allegations, are a case in point showing Washington's attention on Cambodia.

Considering the contexts of Cambodia's socio-economic development and political needs, the country's increasing pivot to China as well as its embrace of Chinese initiatives, particularly the BRI, is understandable and pragmatic. Cambodia certainly needs China and BRI-linked Chinese investments to support its practical development efforts in all sectors, be it economic, military or political. In terms of the economy, Chinese investments and tourism have positively contributed to Cambodia's economic growth and competitiveness through infrastructure development, capital inflow, and employment opportunities.

As for politics, Cambodia's stable and robust economic growth, partly enabled by the massive influx of Chinese investment, is important for the political legitimacy and stability of the Hun Sen regime. In fact, diffused infrastructure development and strong economic performance may have helped to minimise and offset any feeling of anger and resentment among some Cambodians whose expectations have yet to be fulfilled by the government.

Moreover, Cambodia's bandwagoning policy with China is seen to align well with the former's current political needs and its perceived drift away from competitive election-based rule. Obviously, Cambodia's increasing pivot to China is a practical course of action for Phnom Penh, given pressure from domestic politics and from the West, not least the potential revocation of the preferential trading scheme by the European Union.

In spite of the practical needs of Cambodia's close alignment with China, such a foreign policy manoeuvring is not a sustainable approach and should raise concerns among Cambodian policymakers and political elites. Not only will Cambodia's international image continue to be further tarnished in the sense that the country is invariably seen as a Chinese client state, but such an exclusive alignment with the Asian superpower will also affect the Kingdom's democratic and human rights progress, believed by critics to have deteriorated.

Although there are strong economic and political benefits resulting from Cambodia's strengthening ties with China and its enthusiastic support of Chinese initiatives and investment, the benefits from development are believed to have been less inclusive and environmentally friendly. There are reports of widening gaps between the rich and the poor and of growing resentments among average Cambodians who believe they have not really benefited much from the huge influx of Chinese people and investments.

Another major area of concern is the issue of China's debt trap, although at present this issue is far from alarming, at least in the eyes of the Cambodian leadership. According to the Cambodian Ministry of Economy and Finance, Cambodia owes China more than US\$4 billion, or approximately two-fifths of the country's outstanding national debt. The fact that China continues to provide Cambodia with "no string-attached" aid and concessional loans, while the management of Chinese cash has not been proven effective, should render the concern regarding the Chinese debt-trap diplomacy more pressing.

Most importantly, Cambodia's increasing tilt towards China has implications for its relations with the US and EU. Cambodia-US relations have reached a new low due to their growing strategic mistrust as evidenced by the recent US allegations of Cambodia's making a secret deal that would allow a Chinese military base on its soil. For its ties with the EU, there are challenges needing to be addressed, notably with regard to

the imminent withdrawal of trade preferences given to Cambodia under the EU's Everything but Arms (EBA) trade scheme.

Considering all these aspects, it is important that Cambodia should rethink its current foreign policy approach, which is somewhat heavily tilted towards China at the cost of its ties with the West, some ASEAN Members and other important strategic partners. A more sustainable, flexible and long-term approach to foreign policy is thus needed, and it requires Cambodia to

skilfully strike a good balance in its relations with the superpowers and pursue an inclusive foreign policy approach guided by pragmatism and sophistication.

Engaging all strategic partners, especially its immediate neighbours, and maintaining good relations with all major and emerging powers in both the East and the West, the North and the South, are the way forward for a small state that has geopolitical and strategic relevance to great power rivalries like Cambodia.

# Comparative Foreign Policies of Myanmar and Indonesia

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*Dr Dulyapak Preecharush*

Foreign policies refer to approaches and strategies used by states to protect their national interests and guide their behaviour in international relations. Foreign policies have various characteristics. Various terminologies such as neutrality, non-alignment, isolation, confrontation, independence and active policies have been used in the analyses of the foreign policies of Myanmar and Indonesia. These two states have strategic significance in the Southeast Asian politico-security landscape. This article examines the similarities and differences in the context of their foreign policy patterns.

Since independence in 1948, Myanmar has consistently adopted a neutral, non-aligned, independent and active foreign policy, aiming to defend its national interests and live together in peace and harmony with other nations in the international community. Myanmar was directly exposed to the great power rivalry of the Cold War politics, which divided the world into two powerful political camps, one led by the United States of America and another by the Soviet Union. Hence, maintaining friendly relations with all countries of the world through pursuing a policy of non-alignment and neutralism helped Myanmar to survive the Cold War.

When the Revolutionary Council took power in 1962, Myanmar's foreign policy was changed to a self-imposed isolationist policy in order to save Myanmar from the security threats coming from the complicated interconnection between internal civil wars and interventions by external powers. However, when the State Law and Order Restoration Council came to power in late 1988, the Myanmar government realised that the isolationist policy was no longer relevant to the changing international environment. Therefore,

the government needed to extend Myanmar's foreign relations with diverse power groups, including China, India, and ASEAN.

Since the great political reforms of 2011, there have been tremendous changes in Myanmar's foreign policy, which is designed not only to rebuild a good relationship with the West but also to maintain and develop deeper ties with many Asian states. According to Chaw Chaw Sein, the new approach has highlighted a reorientation of Myanmar's foreign policy, expanding external relations with many countries to ensure the sustainability of Myanmar's national interests as well as to support the country's proactive roles in international affairs. In this way, Myanmar continues to conduct an independent and active foreign policy.<sup>1</sup>

After the Second World War, Indonesia's prominent foreign policy characteristics were independent and active. The country did not clearly side with any global powers and mostly emphasised a neutralist policy. Indonesia has been active in conflict settlements and in regional issues. In other words, it does not align with any particular major power or military pact. The country's foreign policy is crafted to serve the national interests as well as to support its co-operation with other countries for the establishment of regional peace and stability.

Indonesia hosted the historic Bandung Conference in 1955, which led to the formation of the Non-Aligned Movement. The country was also active in the development of ASEAN. Based on the spirit of this historical legacy, Indonesia's effort to foster peace and social justice as well as its active roles in regional affairs should have continued. However, they were disrupted.

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Between 1963–1966, the country pursued an aggressive diplomatic policy of confrontation to protect its national security in response to the formation of the Federation of Malaysia. Konfrontasi or Confrontation involved armed incursions, bomb attacks, and other seditious actions threatening the states that were to be incorporated into the Federation. Those states included Singapore, Malaya, Sarawak, Brunei, and North Borneo or Sabah. The Confrontation was an undeclared war between Indonesia and its neighbouring states. In fact, prior to the official proclamation of the policy, Indonesia conducted a similar confrontation approach against Netherland New Guinea in 1962.

However, Konfrontasi was abruptly ended after General Suharto toppled President Sukarno in a coup and subsequently joined ASEAN. Indonesia has since refocused on neutrality, non-alignment, and active roles in regional conflict settlement as guiding principles of its foreign policy. Today, Indonesia's foreign policy under President Jokowi's administration focuses on the combination of two major principles: one is peace building in international communities based on idealism and another is power projection aimed to increase national interests and defend state sovereignty and territorial integrity based on realism or *realpolitik*.<sup>ii</sup>

Myanmar and Indonesia are interesting cases for comparative foreign policy studies. Geographically, Indonesia is the largest country in maritime Southeast Asia, while Myanmar is the largest country in mainland Southeast Asia. Both countries have ethnically and culturally plural societies, and both have simultaneously faced complicated politico-security problems arising from protracted internal armed conflicts and communal violence. In the contexts of foreign policy, both countries have pursued independent and active policies as well as neutralism and non-alignment. However, while Myanmar adopted isolationist policy during the Ne Win regime, Indonesia under Sukarno's government pursued a confrontation policy. Despite deviations from their principled foreign

policy trajectories at some points of time, both countries have generally pursued independent and active foreign policies.

Due to the experiences of dealing with foreign powers' interventions in the country's affairs from the colonial to the post-colonial periods, Myanmar's subsequent governments have desired to be independent and non-aligned. Myanmar has emphasised the principle of peaceful co-existence, which has remained the cornerstone of Myanmar's foreign policy until today. As for Indonesia, it has also pursued an independent and active policy based on its own world views. Ever since its independence from the Netherlands, Indonesia has viewed itself as an important political actor in the region. Indonesian leaders have maintained the views that only in a peaceful circumstance can Indonesia recover from its damaged economy caused by the Second World War and uphold state security against threats from external powers in Cold War politics.

Therefore, some similar internal-external circumstances in modern history led to similar foreign policy patterns adopted by governments in Indonesia and Myanmar. Although important past foreign policy characteristics can still be seen in the current foreign policy patterns of Myanmar and Indonesia, the new geopolitical environment and changing regional security architecture have increasingly influenced the directions of foreign policy in both states. President Jokowi has been promoting Indonesia as a so-called Global Maritime Fulcrum (GMF) between the Indian and the Pacific Oceans, meaning that his archipelagic state would become the nexus of ASEAN centrality in enhancing national and regional interests under the new Indo-Pacific strategic framework. In Myanmar, since the transformative political reforms in 2011, a reconfiguration of the balance of power and Aung San Suu Kyi's omnidirectional diplomacy have been put to test. These strategies aim to protect Myanmar's national interests from negative consequences from the growing geopolitical competition involving China, the

US, India, Japan, ASEAN and other major powers. They also intend to promote Myanmar's diplomatic activities in the wider international community.

In short, a study of comparative foreign policy of Myanmar and Indonesia is valuable. Both countries have similarities in their foreign policy patterns since independence despite some differences. Actually, the two countries have had significant connections. Myanmar had encouraged Indonesia's struggle for

independence by condemning Dutch military invasion, while Indonesia supported and welcomed Myanmar's membership to ASEAN in 1997 and was the model for Myanmar's latest democratisation process.<sup>iii</sup> Tracing the historical roots and trajectories of foreign policies between the two states contributes to better understanding of the spatial and temporal dimensions of comparative analysis, which is on cross-country comparisons of foreign policy and on comparisons of foreign policy over time.

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i See Chaw Chaw Sein. 2016. "Myanmar Foreign Policy under New Government: Changes and Prospects." In *Myanmar: Reintegrating into the International Community*, edited by Chenyang Li. et al., 27–39. Singapore: World Scientific Publishing Ltd.; Egretau, R., and Jagan L. 2013. *Soldiers and Diplomacy in Burma: Understanding the Foreign Policies of the Burmese Praetorian State*. Singapore: NUS Press.; Haacke, J. 2006. *Myanmar's Foreign Policy: Domestic Influences and International Implications*. Abingdon: Routledge.

ii See Vibhanshu Shekhar. 2018. *Indonesia's Foreign Policy and Grand Strategy in the 21<sup>st</sup> Century: Rise of*

*an Indo-Pacific Power*. Abingdon: Routledge.; Leifer, M. 1983. *Indonesia's Foreign Policy*. London: George Allen & Unwin; Mackie, J. A. C. 1974. *Konfrontasi: The Indonesia-Malaysia Dispute, 1963–1966*. Kuala Lumpur, New York: Oxford University Press.

iii Jarno Lang. 2012. "Indonesia-Myanmar Relations: Promoting Democracy in South-East Asia." *Fair Observer*, May 22. (Accessed 30 October 2019); Sai Khaing Myo Tun. 2011. "A Comparative Study of State-Led Development in Myanmar (1988–2010) and Suharto's Indonesia: An Approach from the Developmental State Theory." *Journal of Current Southeast Asian Affairs* 30 (1): 69–94.

# Laos' Foreign Policy Towards China

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*Sulathin Thiladej*

**W**ith China's growing power and uncertainty in an increasingly complex world, the prospect of Laos's pursuing a policy of peace, independence, friendship and cooperation will not be easily achieved. This paper examines not only the approaches of Laos and China in deepening their bilateral cooperation, but also the challenges facing Laos in its efforts to balance its relations between China and other major countries. The paper concludes with some recommendations regarding Laos' approaches towards attaining this balance.

Laos, a small landlocked country in Southeast Asia, shares its northern border with China and is surrounded by four other countries (Cambodia, Myanmar, Thailand and Vietnam). Since establishing diplomatic relations with China over five decades ago, Laos has maintained good relationship with China as a friendly neighbour and strategic partner. The former needs the latter for national development and protection.

Looking at where China is in the world today, its economy accounts for 18.69 per cent of the world GDP and is projected to steadily increase.<sup>i</sup> This percentage is a dimension reflecting China's increasingly becoming a core engine of global economy. Moreover, the recent indicators of Power Index, which converts resources into influence, show that China will catch up with the US as an emerging superpower in the next few decades.<sup>ii</sup> Thus, building or strengthening good relationships with China is necessary to ensure economic growth and security in Southeast Asian region. However, China's growing economic and political power has also presented new challenges to numerous countries as well as Laos in recrafting their foreign policies towards China

and other major powers, especially the US as the world's traditional superpower.

## **Laos and China: Boosting political and economic ties**

China's rise has been offering opportunities for least developed countries (LDC) in the region, namely Cambodia, Laos and Myanmar. These countries have abundant natural resources, expecting to benefit from massive Chinese investment. Moreover, they have shared similarities in open and friendly political relationships with China.

Laos, with its geographical and political conditions, is willing to make concerted efforts to strengthen holistic ties with China. These include upholding to the one-China policy, lending support to China's reunification efforts as well as supporting various China-sponsored constructive initiatives such as the Belt and Road Initiative (BRI). In 2017, during President Xi Jinping's official visit to Laos, the two countries agreed to deepen their relations by building an unbreakable Laos-China Community of shared future and boosting all-round co-operation based on the spirit of good neighbours, good friends, good comrades and good partners. Following that in early 2019, the two countries succeeded in drafting a Master Plan for building a Laos-China Community of shared future. This is a significant step towards uplifting the relations to a higher level.

In parallel with political ties, China is one of the countries, to which Laos gives priority in almost all areas of economic co-operation. China has played a key role in Lao socio-economic development through its investment, which is valued at almost USD140 million in 2018.<sup>iii</sup> The

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flagship of the investment is in infrastructure development, for instance, the mega project of Laos-China railway, running from Kunming, southern China, to the capital city of Laos. The project is expected to finish by late 2021.<sup>iv</sup>

The railway project is expected to generate powerful momentum to social and economic development in Laos and to have positive impacts on several areas along the route. The project will fulfil the Lao government's strategy of transforming the country from being a land-locked to a land-linked nation, which will allow the country to be part of trade and investment networks and potentially become a transportation hub in the region as it is located in the heart of the Mekong sub-region and shares borders with all Mekong countries.

In addition to the investment, the volume of bilateral trade has been increasing steadily over the past years. The value of total trade between both countries was at US\$3.47 billion in 2018, a 14.9 per cent increase compared with the previous year. This figure has ranked Laos the top amongst ASEAN Members that have experienced rapid increases in trade volume with China.<sup>v</sup>

### **China's growing influence in Laos?**

Many scholars argue that Laos is under strong China's influence, but it remains to be established whether or not the premise is valid. Some scholars argue that China has a rising influence in Laos in terms of economic relations but not in the position of influencing political decision-making. This can be observed in several events. For instance, during the 29<sup>th</sup> ASEAN Summit in 2016, Laos was able to maintain its neutral position despite much pressure from China regarding the issue of territorial dispute in the South China Sea (SCS). Laos was able to conclude the Summit with the issuance of the joint communiqué, which indicated that Laos is not subjected to China's influence when it comes to making political decisions. The country firmly adheres to ASEAN's centrality.

In 2012, the 21<sup>st</sup> ASEAN Summit in Cambodia failed to issue the joint communiqué regarding the SCS dispute, causing the host country to be criticised by some ASEAN Member States which alleged Cambodia of acting as an agent of China.<sup>vi</sup> Laos' relations with China is based on the balancing of power with other major powers namely Japan and the US and neighbouring countries like Vietnam.<sup>vii</sup> Moreover, the decisions on who to allow investment in Laos, for instance, in special economic zones demonstrates that Laos is not under Chinese influence. Laos has engaged with a wide range of investors from different countries, China, Japan, Korea, Vietnam and European countries.<sup>viii</sup>

However, China's growing power has a leverage on decision-making in areas of promoting economic ties. Since 1990, Chinese economic development model, of economic reform leading to rapid economic growth, has had significant appeal to other countries. Sharing its border with China, Laos, with its abundant natural resources (land, mining and water resources) and low labour costs, is appealing to Chinese investment, which has kept expanding to various economic areas of Laos. Currently, China is ranked the highest in direct foreign investment, which is important to enable Laos to achieve its development agendas. These include addressing poverty reduction, which is 23.2 per cent poverty rate, the second-highest figure in 2015 in Southeast Asia after Myanmar's 32.1 per cent and graduating Laos from LDC status by 2024.<sup>ix</sup>

Therefore, Laos needs investment and assistance from external partners to achieve its development agendas. Since 1986, the country has opened its door for cooperation and foreign investment and trade, based on its foreign policy of 'peace, independence, friendship and cooperation'. The policy pursues multi-directional, multilateral and multi-mechanism frameworks as to create an external enabling environment for domestic national development. This has remained a core policy for Laos in developing the country.

## Challenges for Laos' foreign policy

In recent years, China has actively increased its involvements in the region in terms of economic cooperation to enhance its global competitiveness. For Laos, China has become its top trading partner. China has adopted a foreign policy approach, which is active, non-threatening and generally aligned with the economic and security interests of the region to assuage the fear of its rise. This approach, however, is posing a challenge for Laos to balance its relations with other major countries particularly with Vietnam, which has a good long-standing relationship with Laos. Although Vietnam shares almost identical political system with China and Laos, it has recently shifted its foreign policy by building closer relations with major powers including its former enemy, the US, and bringing them to get involved in the region to prevent China's growing assertiveness, especially in the territorial disputes in the South China Sea.<sup>x</sup> The sensitive issues in the SCS has created hurdles for Laos to maintain its foreign policy of neutrality. Over recent years, both China and Vietnam have put pressure on Laos' position regarding the SCS dispute. Therefore, the prospect of Laos in balancing its relations and pursuing a policy of neutrality with its two most important strategic partners is not straightforward in the midst of China's rise and geo-political shift in the region.

Moreover, pursuing a policy of multi-direction, multilateralism and multi-mechanism will face hurdles for Laos. China has embraced the soft power policy as an integral part of projecting its influence on other regions through active participation in peacekeeping and offering financial assistance and educational and cultural exchanges. Historically, Southeast Asian region has been naturally targeted for China's strategy. The region has been regarded as China's backyard under its sphere of influence.<sup>xi</sup> China has recently enhanced its soft power through the implementation of the BRI, which aims to economically and politically link countries in more than half of the globe with China. The BRI is an integral part of China's concerted effort to

realise its 'China Dream', referring to the revival of the great Chinese nation or the reshaping of the world's new order amidst the decline of Western-dominated world order.<sup>xii</sup>

Countries also have different positions and views towards China's growing significance, making it difficult to identify the common challenges resulting from China's rise. Some have expressed their apprehension, while others welcome it. For those countries worried about China's rise, their main concern is that cheap labour costs in or from China will unavoidably wipe out their industries and businesses or reduce their market shares in both domestic and international markets. This has created distrust among the general public in those countries. In contrast, countries that welcome China see the sheer size of China's domestic market as opportunities for them to maximise their economic benefits as well as to appeal for more direct foreign investment from China to spur their economic growth. Therefore, it is a challenge for Laos to position its foreign policy within these dividing views.

Furthermore, the rising of China has unsettled consequences on ASEAN centrality, creating new tensions and uncertainties that threaten to break ASEAN's unity and solidarity.<sup>xiii</sup> If the current status quo extends into the future, several ASEAN member countries are most likely to favour China. A recent study shows that China has gained more than 50 per cent favour over the US, and an increasing number of ASEAN's citizens view China as the most influential country (Chu and Chang 2017). If China continues to be shrewd and takes ASEAN on another ride, ASEAN will be much worse off.<sup>xiv</sup> This could be a challenge for Laos' foreign policy in firmly supporting the ASEAN centrality.

## Laos' foreign policy towards China: The way forward

In recognition of China's growing power, there is no doubt that China will strengthen its roles as a main political and economic actor in the region. This means that several countries, including

Laos, will not be able to refuse economic assistance and cooperation from China. However, economic assistance always has embedding political interests. To overcome the challenges as well as to strengthen its policy of peace, independence, friendship, and cooperation, Laos, while deepening its economic relations with China, needs to enhance its independence through strengthening partnerships with other major countries and its neighbours. Furthermore, Laos should firmly support ASEAN centrality to strengthen cooperation, boost political relations and promote better understanding between China and other countries. The centrality of ASEAN is vital for Laos to strengthen its hedging policy to deal with the shifting regional centre of gravity from Southeast Asia to China. Finally, Laos should act as an open and inclusive platform for co-operations that go beyond China, meaning the country welcomes and encourages other players to get involved in the country and the region.

<sup>i</sup> Shu, Han. 2019. "China: Share of Global Gross Domestic Product (GDP) Adjusted for Purchasing Power Parity (PPP) from 2012–2024." *Statista*. Accessed 1 November 2019.

<sup>ii</sup> Lemahieu, Herve. 2019. "Five big takeaways from the 2019 Asia Power Index." *Interpreter*, May 29. Accessed 1 November 2019.

<sup>iii</sup> Lao Ministry of Planning and Investment. 2019. *A Report on the Implementation of Cooperation on Economic, Trade and Technical Areas between Lao and Chinese Governments in 2018*. Vientiane: Ministry of Planning and Investment.

<sup>iv</sup> Vaenkeo Souksakhone. 2019. "Laos-China railway project progressing ahead of schedule." *Vientiane Times*, April 2, 2019. Accessed 1 November 2019.

<sup>v</sup> Lao Ministry of Planning and Investment 2019.

<sup>vi</sup> Brunstrom, David. 2016. "Kerry says Laos keen to avoid militarization of South China Sea." *Reuters*, January 25. Accessed 1 November 2019.

<sup>vii</sup> Lao Ministry of Planning and Investment. 2016. *The 8th National Socio-Economic Development Plan (2016–2020)*. Vientiane: Ministry of Planning and Investment. Also see Zhou, Laura. 2016. "South China Sea, investment schemes and Beijing ties... What to watch as Lao Prime Minister begins his visit in China." *South China Morning Post*, November 28. Accessed 1 November 2019.

<sup>viii</sup> National Institute for Economic Research. 2019. "The Regional and International Integration and Connectivity Vision of the Lao PDR." In *The Eec Development and Transport Facilitation Measures in Thailand and the Development Strategies by the Neighbouring Countries*, edited by IDE-JETRO. Bangkok: IDE-JETRO.

<sup>ix</sup> Khidir, Sheith. 2019. "Empty bellies in Lao." *ASEAN Post*, July 8. Accessed 1 November 2019. Also see J&C Services. 2018. "Laos unable to rise above LDC status by 2020: PM." *Vientiane Times*, June 11. Accessed 1 November 2019.

<sup>x</sup> Parameswaran, Prashanth. 2017. "US-Vietnam ties under Trump in the spotlight with Premier's visit." *The Diplomat*, May 31. Accessed 1 November 2019.

<sup>xi</sup> Johannes, Schmidt. 2008. "China's Soft Power Diplomacy in Southeast Asia." *Copenhagen Journal of Asian Studies* 26 (1): 22–49.

<sup>xii</sup> Baofu, Peter. 2015. "China's dream, and the new world order." *Pravda.ru*, July 30. Accessed 1 November 2019.

<sup>xiii</sup> Chheang Vannarith. 2016. "The future of Asean and the role of the United States." *The Asia Foundation*. Accessed 1 November 2019.

<https://asiafoundation.org/2016/10/19/future-asean-role-united-states/>.

<sup>xiv</sup> Petty, Martin, and Mogato Manuel. 2017. "Asian nations pulled into China's orbit as Trump puts America first." *Reuters*, May 1. Accessed 1 November 2019.

# Why is Mekong-Lancang Cooperation Attractive?

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*Jiayi YANG and Fujian LI*

With the growing significance of Asia, the Mekong Sub-region has a huge potential for faster economic growth and better social development. Since the early 1990s, there have been a few sub-regional cooperation mechanisms in place which are overlapping in membership and even competing with each other in agenda setting. As a result, the “institutional surplus” effect and “spaghetti bowl” phenomena become a problem, which has caused sub-regional cooperation to be loose and less efficient. At the same time, some cooperation frameworks are either dominated or heavily influenced by major powers outside of this region, which makes it hard for Mekong countries to decide their own development strategies.

Thailand first brought up the Mekong-Lancang Sub-regional Sustainable Development initiative in the ASEAN-China Leaders’ Meeting in 2012. In 2014, Chinese Premier Li Keqiang proposed to set up a Mekong-Lancang dialogue and cooperation mechanism, which received warm welcome from his Mekong counterparts. Two years later, a new framework named Mekong-Lancang Cooperation (MLC) was officially launched in March 2016. It includes all the six countries along the Lancang River and Mekong River, namely Vietnam, Lao PDR, Cambodia, Myanmar, Thailand and China. MLC is strategically led by leaders of the Member States, participated by multiple governmental agencies and industrial sectors and covering various cooperation fields. It has set up a “3+5 Cooperation Framework”, working on three pillars of political and security issues, economic and sustainable development, and social cultural and people-to-people exchanges; and covering five priority areas, namely connectivity, production capacity, cross-border economic

cooperation, water resource, agriculture and poverty alleviation.

In just a few years, MLC, as a new type of South-South cooperation designed, built and shared by all Mekong-Lancang countries, has turned to be more mature and productive. Mekong countries are willing to participate in the decision-making process of the sub-regional cooperation agenda and its concrete projects. A multilevel institutional framework has been formed, comprising of meetings at different levels of leaders, foreign ministers, senior officials and joint working groups.

The traditional sub-regional cooperation frameworks used to be under great influence of external powers. Western powers have been particularly inclined to focus on Mekong countries’ democratisation process and liberalisation of private sectors, which is in line with a neo-liberal approach of nation building and economic development. Under this circumstance, the cooperation can hardly address sub-regional countries’ real needs. In contrast, MLC pays more attention to Mekong countries’ local conditions and own concerns and is more pragmatic and development oriented.

MLC has been built on Member States’ common interests, generating a culture of equality, sincerity, mutual assistance and affinity. The operational procedure of MLC is based on consensus building, friendly consultation, mutual coordination, voluntary participation, and cooperation for win-win results. It believes that countries, no matter big or small, strong or weak, rich or poor, should all be treated equally. In MLC, countries consult with one another and fully accommodate each other’s comfort zone. Neither political strings are attached to projects,

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nor a country is allowed to impose its will to the whole process.

MLC covers a wide range of cooperation areas. It has designed a cooperation plan on connectivity among the Mekong-Lancang countries, which aims to align the Master Plan on ASEAN Connectivity 2025 with other sub-regional plans so as to build an MLC Economic Corridor in the long run. It has made a plan for the development of broadband as well as an action plan on production capacity cooperation among Mekong-Lancang countries. It has also included a five-year plan on water resources cooperation, a five-year plan on sustainable development and poverty alleviation, and a plan to promote environmental protection in the sub-region. Water resource cooperation is a major part of MLC framework. In this regard, the Lancang-Mekong Water Resource Cooperation Center is actively promoting and making plans like strengthening disaster and emergency management to provide solutions to the long-existing water conflicts.

Driven by projects, MLC upholds the principles of pragmatism, openness and inclusiveness, and it embraces all other constructive initiatives and mechanisms as long as they benefit regional development and Member States' national development. Taking Cambodia's participation as an example, Cambodian Deputy Prime Minister Prak Sokhonn once said, "As a co-

founding member, we can decide what kinds of development agenda from the very beginning, as well as ways of implementation [in the MLC]."<sup>i</sup> MLC is viewed as a useful tool to facilitate the integration of Cambodia into the Mekong sub-region. In February 2019, a new batch of projects, sponsored by the MLC Special Fund, were signed in Cambodia, including 19 projects with a total of US\$7.66 million, covering education, tourism, poverty alleviation and environmental protection. Up to now, 35 Cambodian projects have been approved to use the MLC Special Fund, involving a total of US\$14.96 million.<sup>ii</sup> Cambodian people are expected to gain huge benefits after the projects are implemented. MLC could help Cambodia to build capacity in the fields of education, health, tourism, and ICT. It could also help the country to promote Buddhism exchanges with other regional countries, and conserve and promote cultural heritage.

MLC has taken root and blossomed ever since, injecting new impetus to the extensive cooperation activities among the sub-regional countries. The key to the success of MLC is its emphasis on determining the development path of a country or a region by proceeding from one's own realities. However, how to maintain a strong momentum of MLC cooperation framework in the long term, and how to make MLC positively interact with the existing cooperation frameworks like the Great Mekong Subregion Cooperation (GMS) are questions to be addressed.

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<sup>i</sup> Xinhua News Agency's interview with H.E. Prak Sokhonn, Senior Minister and Minister of Foreign Affairs and International Cooperation. Accessed 16 October 2019. [http://kh.china-embassy.org/eng/zg/jx\\_1/t1544051.htm](http://kh.china-embassy.org/eng/zg/jx_1/t1544051.htm).

<sup>ii</sup> Zhao, Yijin, and Zheng, Meichen. 2019. MLC injects new impetus into Cambodia's development. *People's Daily*, February 23. Accessed 16 October 2019. [http://paper.people.com.cn/rmrb/html/2019-02/23/nw.D110000renmrb\\_20190223\\_3-03.htm](http://paper.people.com.cn/rmrb/html/2019-02/23/nw.D110000renmrb_20190223_3-03.htm).

# EVFTA, EVIPA and Vietnam-EU Relations

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*Nguyen Tuan Khanh*

Vietnam and the European Union (EU) reached a new milestone in their relationship on June 30<sup>th</sup>, 2019 with the signing of the EU Vietnam Free Trade Agreement (EVFTA) and the EU Vietnam Investment Protect Agreement (EVIPA). Together with the Partnership and Cooperation Agreement (PCA) signed in 2012, these three legal cooperation frameworks have signalled an important turning point toward Vietnam-EU comprehensive partnership.

## **Position and potentiality of the EU**

The EU consists of 27 member countries with a combined population of over 500 million. It is one of the leading political and economic centres of the world, having two out of five permanent members in the UNSC, four members in the G8, and four members in the G20. The EU has acquired her legal status and official diplomatic representative position since the Lisbon Treaty came into effect in December 2019, which has enhanced the common voice of the Institution in international arena. At the United Nations, the EU holds the status of 'supra observer' and has been engaged in almost all activities of the organisation as a full member since May 2011. The EU's roles have become more important in the international relations.

The EU is one among the world's largest economies with its total GDP of more than US\$ 17,578 trillion in 2011 accounting for approximately 20% of the Global GPD. The regional organisation is also the world's largest trading partner, investor as well as the leading financial centre. Excluding intra-EU trading, the organisation demonstrated her position as the world's largest trader, with export value of US\$684 billion (25% of total world trade) and

import value of US\$600 billion (22% of total world trade) in 2010. Moreover, the EU is also considered as the world's top investor in term of FDI, whose value reached US\$463 billion in 2011. The amount of Official Development Aid (ODA) in 2011 has reached 53 billion Euros accounting for 50% of the world's total aid. The regional bloc also proudly has nine out of the world's twenty largest financial centres.

The EU has been gradually strengthening her position as the world's leading centre of finance, politics, economy, culture and technology, which are important factors to be taken into account for foreign policy making process of many countries including Vietnam.

## **Vietnam-EU relationship in the new era**

Vietnam-EU relationship has been improving remarkably for nearly thirty years since the establishment of diplomatic relations in November 1990. In 2012, the two sides signed PCA, creating an important legal framework to expand Vietnam-EU relations in the direction of an equal, comprehensive and long-term cooperation. After seven years of negotiations, the EVFTA and the EVIPA were eventually concluded and signed, creating new impetus to enhance further Vietnam-EU bilateral relations. The bilateral economic-trade cooperation has shifted from being basically Vietnam as a receiver of the EU support for development, poverty reduction and economic development to an equal and cooperative partnership marked by mutual benefits from commitments to a "new generation" of free trade agreement (FTA).

By 2018, the EU had become the 2<sup>nd</sup> largest export market for Vietnam, with the value of nearly US\$42 billion, an increase of 10% in

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comparison with the previous year. In the past eight years, Vietnam's exports to the EU market have recorded an average annual growth of over 14%, with the import turnover reached US\$13.89 billion. In trade relations with the EU, Vietnam achieved a surplus of nearly US\$28 billion in 2018 and maintained an average surplus at US\$19 billion over the past 8 years.

The two agreements, EVFTA and EVIPA, have high level of commitments to enhancing economy, trade, investment and sustainable development. They will open up great opportunities for the two sides to maximise their potentials, complement each other, and boost trade and investment. Hence, the agreements will deepen the relationship between both sides and create long-term benefits for them. According to an early estimation by the Ministry of Planning and Investment, EVFTA will increase Vietnam's GDP by 4.6% and Vietnam's export to the EU by 42.7% by 2025. The EU GDP is also estimated to increase by US\$29.5 billion and export to increase by 29% by 2035. Thus, EVFTA and EVIPA will bring practical economic benefits to the economy, businesses and people of Vietnam and the EU.

EVFTA is the most ambitious free trade agreement that the EU has ever agreed with a developing country. The signing of the Agreement affirms the contribution by Vietnam and the EU to promoting international investment, trade liberalisation, and transparent and rules-based global economic order.

### **Efforts for the agreements**

EVFTA and EVIPA are Agreements with deep and comprehensive levels of commitments. Vietnam and the EU had been working carefully in their negotiations and agreement on the content of the Agreements, which had nearly 4,000 pages of documents.

After the official completion of the legal review for EVFTA in June 2018, the two sides continued to coordinate and promote the signing of the

Agreement in complicated contexts due to the EU's overwhelming focus on addressing many important internal issues such as Brexit and preparing for the European Parliamentary elections in May 2019.

Technically, EVFTA had to be translated into the languages of all the EU's 28 Member Countries for conducting language-legal content reviews of the documents. It was a mandatory process and consumed a lot of time. Politically, the adoption of the decision to sign the Agreement required consents from the majority of member countries. For the EVIPA Agreement, the signing needed the consensus decision of all 28 Member States of the EU.

Due to the significance of the EVFTA and EVIPA Agreements to Vietnam, the country made great efforts to follow and expedite the process. The Vietnamese prime minister directed the related ministries, especially the Ministry of Foreign Affairs, the Ministry of Industry and Trade, and the Ministry of Labour and Social Affairs to actively interact with the EU agencies to expedite the signing of the Agreements.

Vietnam also made various diplomatic efforts to promote the signing of the Agreements. They involved visits by high-ranking Vietnamese leaders such as Prime Minister Nguyen Xuan Phuc to the EU for the ASEM 12<sup>th</sup>, and to the Czech Republic, Romania, and Sweden. The National Assembly Chairman Nguyen Thi Kim Ngan went to France, Belgium and the EU. Deputy Prime Minister and Foreign Minister Pham Binh Minh visited Greece, Romania, Bulgaria, England, and Germany. The EU leaders also visited Vietnam, which included the visits by the Prime Minister of the Netherlands, the Prime Minister of Italy, and Government delegations and Ministers of England, Germany, Lithuania, and Italy among others.

Moreover, Vietnam took advantage of multilateral forums and public diplomacy in order to actively exchange and mobilise supports from many EU members through ASEM, G20,

ASEAN-EU Ministerial Meeting, political consultations with EU countries, and meetings with the European ambassadors and EU business representatives in Hanoi. The Envoy delegations of Vietnam to the EU in Belgium and Vietnam's Embassies in EU Member Countries also carried out exchanges and coordination with the EU for nearly a year to accelerate the process.

The quick adoption of the decisions by the EU members to sign the EVFTA and the EVIPA has affirmed that the EU appreciated the roles of Vietnam.

The efforts and resources invested in the process have attached great significance to the comprehensive bilateral cooperation as well as the effective coordination between the related Vietnamese and European agencies. Prime Minister Nguyen Xuan Phuc stated that the coming into effect of EVFTA and EVIPA would play very important roles as two "Large-scale Highways" connecting Vietnam and the EU in terms of speed and scale of cooperation.

# Disunity, Identity and the Economy: Comparing the Challenges Facing Malaysia and Indonesia

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*Dr Norshahril Saat*

For the last two years, it has been election season for Indonesia and Malaysia. In May 2018, Malaysia held its 14th general election (GE14), and saw a change of government for the first time in the country's history. The Pakatan Harapan coalition (PH or Alliance of Hope) defeated the Barisan Nasional (BN or National) coalition, which had ruled Malaysia for 61 years. PH was led by the then 92-year-old Mahathir Mohamad. Central to the election campaign were high cost of living, BN's failure to combat corruption, and the 1MDB (1 Malaysian Development Bank) scandal. In April 2019, Indonesia held the presidential and legislative elections concurrently. The presidential election received more attention from the international media, compared with the legislative election. It was also a rematch of the 2014 election in that it was between businessman and former Solo and Jakarta governor Joko Widodo and ex-military general Prabowo Subianto. As what many had expected, the incumbent Jokowi won the election, though he only managed to slightly increase his winning margin (from 53.1% in 2014 to 55.5% in 2019), despite all the programs and infrastructural development he had introduced during his first term. Some argued that identity politics shaped voter choice. The following discusses three common broad challenges facing the new governments of Indonesia and Malaysia.

## **Political disunity**

For Malaysia, the ruling PH has to unite the coalition, which is made up of four ideologically different parties. The PKR (People's Justice Party) is multiracial but predominantly led by Malays, while the DAP (Democratic Action Party), also multiracial, is predominantly

Chinese. The Amanah (National Trust Party) claims to be multiracial, but is made up of Islamists. Leaders were mostly former PAS (Islamic Party of Malaysia) members, a party that remains in opposition. Ironically, the leader of the coalition is Mahathir Mohamad, who is the Chairman of the Bersatu (Malaysian United Indigenous Party), which is a Malay-based party. Bersatu members hold key positions in the federal Cabinet, including the prime minister and Home Affairs Ministry, and a number of state executive council positions: as chief ministers. Bersatu hold these positions even though it has fewer parliamentarians than the DAP and PKR. The major challenge for PH now is inter-party and intra-party disagreements. One example is open infighting in the PKR, between the Anwar Ibrahim faction and the Azmin Ali faction. Anwar is not a member of the Cabinet, but is said to be prime-minister in waiting to replace Mahathir, while PKR Deputy President Azmin Ali is seen as a rising star.

Disunity in Indonesia was evident from the electoral result. Clearly, Jokowi received massive support from East Java and Central Java, but his performance was lacklustre in the provinces in Sumatera (including Aceh, West Sumatera, and Riau), West Java, and South Kalimantan. Even though the electoral results show that the country is polarised between the two presidential candidates, the political situation in Indonesia is fluid because parties are still negotiating whether to be in the side of Jokowi's ruling coalition, or remain in opposition. Prabowo initially did not accept the election result, which led to protests by his staunch supporters. Prabowo later took a more conciliatory tone, and some even guessed that he may want to be closer to Jokowi. The parties to watch are Democrat (led by former President

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Susilo Bambang Yudhoyono) and PAN (National Mandate Party), both are formerly under Prabowo's camp, but are considering to shift support for Jokowi.

### **Race and ethnic tension**

Central to the political disunity in both countries are groups that ride on race and ethnic sentiments. In Malaysia, the opposition party UMNO (United Malays National Organization, a leading party in BN) is benefitting from racial and religious tensions. It recently signed a unity charter with its former nemesis, PAS, for an informal alliance. So far, the UMNO-PAS unofficial alliance has successfully pressured the government to reverse several attempts for reform. One example is the anti-ICERD (International Convention on the Elimination of all Forms of Racial Discrimination) rally held in December 2018, which led the PH government to reverse its plan to ratify the UN convention. Similarly, it pressured the government to withdraw from the Rome Statue. UMNO and PAS cooperation has also contributed to three back-to-back by-election defeats for PH in 2019. The two parties have been courting Malay support, which have led to their rising popularity.

In more recent years, identity politics has been on the rise in Indonesia, and the politicisation of race and religion has led to drastic political implications. The massive rallies in 2016 against the Jakarta Governor Basuki Tjahaja Purnama (Ahok), a Chinese and Christian, serves as an example. Ahok is a charismatic leader and can be blunt at times, but he was popular as governor, despite being from a minority community in the world's most populous Islamic country. Massive rallies against Ahok, who was accused of insulting Islam in one of his speeches, were organised by hard-line groups. The rallies contributed to his defeat in the 2017 Jakarta election, and he was subsequently jailed for blasphemy. Fearing that race and religious issues would dominate the election once again, Jokowi appointed a conservative ulama (cleric) Ma'ruf Amin to be his running mate. He did this despite

Ma'ruf's track record of issuing fatwas against Muslim minorities. Jokowi chose Ma'ruf in order to shield him from attacks by the Islamist groups, fearing he would suffer a similar fate like Ahok (who happened to be his deputy when he was Jakarta governor between 2012 and 2014). Only time will tell how Ma'ruf's vice-presidency will re-define the country's pluralist ideology.

### **Economic challenges**

Lastly, politics and religious politics are also tied to socio-economic challenges. It was clear that for many Malaysians, the high cost of living was an election issue, if not more than the religious factor. For instance, urban Malaysians were more likely to vote for PH rather than BN, because they were the sandwich class. PH ran on a campaign to reverse the GST (Goods and Services Tax). In the eastern states of the Peninsular, voters also rejected BN, but chose PAS instead of PH. Here, the Islamic factor too has a strong role. Similarly in Indonesia, the economic factor should not be discounted, particularly in the provinces outside Java. The challenge that remains is how can development be spread to the other parts of Indonesia, not just focus on Java. Recently, the president has already made an announcement to move the capital city out of Jakarta, and possibly to Kalimantan. This is seen as an attempt to depopulate Jakarta, which is already overcrowded and polluted. The challenge for the second Jokowi Administration is how to ensure equal development of the country, though he may have to confront difficulties in local governments resulting from decentralisation. Besides, the Administration has to face youths that are more vocal voicing their disagreements with government policies, and their disagreements are not only expressed through online platforms but also mass protests. For example, university students recently marched to the streets protesting the Legislative Assembly's plans to introduce laws that they consider as clipping the country's anti-corruption body (KPK). The movement has forced the government to rethink their policies.

Both PH and Jokowi are determined to do well in their terms in power. For PH under Mahathir Mohamad, it is about being in power after a historic election victory. For Jokowi, it is about protecting his legacy in affecting change in the country. The three challenges named are among the most important priorities for both governments.

# Advancing Partnership for Sustainability in the Mekong Region: Emerging Trends and the Way Forward

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*Seksan Anantasirikiat*

Thailand concluded its role as the Chair of ASEAN at the 35<sup>th</sup> ASEAN Summit in the first week of November. Throughout the year, the country has been overwhelmed with many regional and sub-regional meetings, which, in one way, helps Thailand project its national image as a regional leader, particularly on sustainable development issues. This article argues that Thailand has been very passionate about promoting “sustainability of things” as its new foreign policy tool under the newly released *National Strategy*. The article is divided into three parts. The first part focuses on the emerging trends in the practice of Thai foreign policy. Second, it explains what Thailand has been doing to be the leader of sustainability issues at both regional and sub-regional levels. Finally, it proposes some policy recommendations that would be useful to advance partnership for sustainability in the Mekong region.

## Emerging trends in the practice of Thai foreign policy

The Royal Thai Government under Prime Minister Prayut Chan-o-cha adopted the 20-year *National Strategy*, underlying vision for the country to “become a developed country with security, prosperity and sustainability in accordance with the Sufficiency Economy Philosophy (SEP)” by 2037. To attain this goal, the government employs six indicators and a number of key schemes related to the three key words: security, prosperity, and sustainability.<sup>i</sup> It also executed the basic plan, aiming to “create a unified practice of Thai foreign policy that enables Thailand to (1) be a secured and sustainable country (2) pursue international standards (3) have prestigious status at the international stage” via “5s strategies.”<sup>iii</sup> In this

sub-section, I outline two emerging trends in the practice of Thai foreign policy influenced by the *National Strategy*.

The first trend is that Thailand will continue its active promotion of sustainable development at both multilateral and bilateral levels. There are some reasons why this idea is so essential in the practice of Thai foreign policy. First, the country admires the intellectual legacy of the late King Bhumibol Adulyadej the Great, whose philosophy has inspired Thai people to apply the principle of moderation and balanced development to their daily lives. Second, the basic plan on foreign affairs under the *National Strategy* acknowledges sustainable development at the global level as one of the principle achievements for the country. Moreover, the promotion of sustainable development could be a long-term strategy to build trust and confidence in the partner countries.<sup>iii</sup>

Another trend is about Thailand’s diplomatic style in accommodating great power rivalry. In my opinion, Thailand will not explicitly take side with any specific great powers although it is famous for its unique foreign policy feature of “bending with the wind,” indicating its ability to position itself with the soon-to-be winner in the hegemonic competition in the past. The *National Strategy* clearly states the status of Thailand as a “middle country.” As a middle country, Thailand shall “maintain equilibrium among great powers based on its national interest and international standards.” The *National Strategy* allows Thailand to act so due to three main justifications. First, Thailand is a pragmatist and moderate country. Second, the country has been enthusiastic in initiating and reinforcing several

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international platforms. Lastly, it has an advantage in strategic location.<sup>iv</sup>

### **Thailand's role in promoting “sustainability of things”**

Thailand has been at the forefront in reinforcing sustainability at both regional and sub-regional levels. Since 2016, Thailand has played a role as the ASEAN Coordinator on Sustainable Development Cooperation. A key deliverable under this role is the “Complementarities Initiative,” referring to strategic and practical convergence between the ASEAN Vision 2025 and the UN Agenda for Sustainable Development. Taking lead as the Chair of ASEAN in 2019, Thailand places “Advancing Partnership for Sustainability” as the theme for its chairmanship. This theme contains three important ideas of Thailand's deliverables. First, it takes future-oriented approach by forming “Digital ASEAN” to improve competitiveness and immunity from disruptive technologies. Second, it plans to strengthen the connectivity within and beyond the region by working together with partners to move forward “Seamless ASEAN.” Finally, it aims to build “Sustainability in all dimensions,” comprising sustainable security, green economy, and sustainable development.<sup>v</sup>

There are several outputs from Thailand's ASEAN Chairmanship in 2019. ASEAN leaders concurred on the establishment of regional technical centres to offer advice and assistance to the Member States on sustainability issues such as ASEAN Centre for Sustainable Development Studies and Dialogue (ACSDSD), ASEAN Centre for Active Aging and Innovation (ACAI), and ASEAN Training Centre for Social Work and Social Welfare (ATCSW). A significant deliverable of Thailand's ASEAN Chairmanship is the ASEAN Outlook on the Indo-Pacific endorsed by all ASEAN leaders at the 34<sup>th</sup> ASEAN Summit in June 2019. In my opinion, this document reflects Thai diplomatic style in re-orienting strategic competition among great powers to strategic cooperation. The document

sketches the role of ASEAN mechanisms and norms in responding to the needs of ASEAN's development partners. Besides, it notes some areas of cooperation, which not only ASEAN and the United States but also other ASEAN dialogue partners can work together, such as maritime security, infrastructure development, and partnership for Sustainable Development Goals (SDGs).

As the Chair of ASEAN, Thailand has hosted several sub-regional meetings to enhance sustainability in the Mekong region. They comprise of the 12<sup>th</sup> Lower Mekong Initiative (LMI) Ministerial Meeting, the 10<sup>th</sup> Mekong-Ganga Cooperation (MGC) Ministerial Meeting, the 9<sup>th</sup> Mekong-ROK Foreign Ministers' Meeting, the 12<sup>th</sup> Mekong-Japan Foreign Ministers' Meeting, and the 11<sup>th</sup> Mekong-Japan Summit. These meetings expressed the commitment of ASEAN's dialogue partners to promote sustainability of things and build partnership for SDGs. The result of the meetings reflected in different ways. India concurred on the MGC Plan of Action 2019–2022. The Republic of Korea proposed institutional cooperation between Thailand International Cooperation Agency (TICA) and Korea International Cooperation Agency (KOICA). Japan agreed to work as a development partner of the Ayeyarwady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), which was initiated by Thailand in 2003.<sup>vi</sup>

Apart from regional and sub-regional platforms, Thailand has been very active in reinforcing bilateral ties with ordinary people in Mekong countries. There are a number of royal projects launched by the late King Bhumibol Adulyadej the Great and overseen by Her Royal Highness Princess Maha Chakri Sirindhorn. For example, the Centre for Development and Agricultural Service Huai Chon-Huai Chuo (Lak 22) in Vientiane, Lao PDR. This program was designed to implement SEP for people in neighbouring countries. Another program is the establishment and development of the Kampong Chheuteal College in Kampong Thom province, Cambodia.

The project aims at increasing access to education for Cambodian people. Other than these efforts, Thailand's Ministry of Foreign Affairs executed the "Mekong Friendship Project," bringing approximately 50 youth from the Mekong region to Thailand to discuss regional challenges and the roles of youth in solving the problems. They can play essential roles as the future leaders of the region.

### The way forward

Considering the deliverables by Thailand as the Chair of ASEAN, Thailand has taken necessary actions to enhance sustainability in the region by setting the agendas and proposing some examples from its experiences. To maximise the benefit of Thailand's foreign policy agenda in the region, I propose some policy recommendations. First of all, Thailand should promote its home-grown "Thai Industrial Standard (TIS) 9999" in the region. This standard was created by the approach of SEP, which emphasises the balance between economy, society, and environment as well as the balance between growth and happiness at both domestic and international levels.<sup>vii</sup> This standard can be branded as ASEAN/Mekong brand for ASEAN/Mekong business. It could send a message to the world that ASEAN/Mekong has its own way of development and a norm that all members are comfortable with.

Another recommendation is related to the people-to-people connectivity. As the region has been increasingly connected physically via roads and rails, there is a need to connect the hearts and minds of people. The Royal Thai Government should promote the establishment of cross-border networks linking governments, businesses, academic sectors, and civil societies together. It is anticipated that there might be more cross-border challenges, including disaster, human trafficking, and infectious diseases, which would require a vibrant and dynamic institution to respond in effective ways. Therefore, it is vital for Thailand, locating geographically at the centre of the region, to take actions and support neighbouring countries to work together.

To sum up, Thailand has been very passionate about promoting "sustainability of things" as its new foreign policy tool under the newly released *National Strategy*. Under its ASEAN Chairmanship, Thailand has exerted this agenda as its national project throughout the year. For effective implementation, I propose two policy recommendations. The first is to promote its own standard for sustainability at the regional level. The second is to build cross-border networks to effectively respond to regional challenges.

<sup>i</sup> "National Strategy (2018–2037) (Summary)." NESDB. 1–3. Accessed 9 November 2019. [http://www.nesdb.go.th/download/document/SAC/National%20Strategy%20\(Summary\).pdf?fbclid=IwAR3Hd3EhFKw88BeUofv2avor8gQAZNbWplsIP8vd9BGAW0GoNKHOufkQzI](http://www.nesdb.go.th/download/document/SAC/National%20Strategy%20(Summary).pdf?fbclid=IwAR3Hd3EhFKw88BeUofv2avor8gQAZNbWplsIP8vd9BGAW0GoNKHOufkQzI).

<sup>ii</sup> "Phæn Mae Bot Phai Tai Yutthasat Chat (๒) Praden Kan Tang Prathet (Por Sor ๒๕๖๐-๒๕๘๐) [Basic Plan under the National Strategy (2018–2037)]." NESDB. Accessed 9 November 2019.

[http://nscr.nesdb.go.th/wp-content/uploads/2019/04/V11\\_02-%E0%B8%81%E0%B8%B2%E0%B8%A3%E0%B8%95%E0%B9%88%E0%B8%B2%E0%B8%87%E0%B8%9B%E0%B8%A3%E0%B8%B0%E0%B9%80%E0%B8%97%E0%B8%A8.pdf](http://nscr.nesdb.go.th/wp-content/uploads/2019/04/V11_02-%E0%B8%81%E0%B8%B2%E0%B8%A3%E0%B8%95%E0%B9%88%E0%B8%B2%E0%B8%87%E0%B8%9B%E0%B8%A3%E0%B8%B0%E0%B9%80%E0%B8%97%E0%B8%A8.pdf).

<sup>iii</sup> See Anantasirikiat, Seksan. "Thailand's integrated public diplomacy in Mozambique." *CPD Blog*. Accessed 9 November 2019.

<https://www.uscpublicdiplomacy.org/blog/thailand%E2%80%99s-integrated-public-diplomacy-mozambique>.

<sup>iv</sup> "Phaen Mae Bot." 3–4.

<sup>v</sup> "Theme." ASEAN Thailand 2019. Accessed 9 November 2019.

<https://www.asean2019.go.th/en/abouts/key-concepts>.

<sup>vi</sup> "Mekong Sub-Regional Ministerial Meetings." Ministry of Foreign Affairs of the Kingdom of Thailand. Accessed 9 November 2019.

<http://www.mfa.go.th/main/en/news/3/6885/107478-Mekong-Sub-Regional-Ministerial-Meetings.html>.

<sup>vii</sup> "TIS.9999 Leading Thai Industry to Sustainability." Ministry of Industry. Accessed 9 November 2019.

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<http://www.industry.go.th/industry/index.php/en/2017-11-15-05-55-20/item/10641-tis-9999-leading-thai-industry-to-sustainability>.

# A Tale of Two Chinese Communities in Cambodia

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*Dr Kimly Ngoun*

**R**elations between Cambodia and China is not a recent phenomenon. It dates back to the deep history of the past. Ancient Chinese records documented the exchanges of missions between the Imperial Court of China and the earliest known Khmer Kingdom of Funan, which was established in the first century. Later Chinese accounts particularly written by Chou Ta Kuan, who led a special mission to Angkor in the 13<sup>th</sup> century, described the everyday lives of people at Angkor including those of a small community of Chinese traders and artisans. By the time of Cambodia's first encounters with the Europeans in the 16<sup>th</sup> century and with the French colonial rule from 1863, different groups of Chinese people had already been consolidating their presence and expanding their settlements and trading networks across Cambodia and Southeast Asia. Waves of Chinese immigrants continued to flow into Phnom Penh and other provincial towns in subsequent periods especially in the decades before Cambodia achieved independence. While relations between Cambodia and China had a long history and the flows of Chinese immigrants into Cambodia have occurred throughout the premodern and modern periods of Cambodian history, why has the coming of Chinese people into Cambodia particularly in Phnom Penh and in the coastal province of Sihanoukville in recent years appeared to have caused resentment and grievances among segments of the Cambodian society against these Chinese 'newcomers'?

Moreover, while a large proportion of the Cambodian population have Chinese ancestors and Chinese New Year is celebrated widely and is relatively an important event in the country (similar to Khmer New Year celebrations in terms of scale and cultural identity formation), why have some Cambodian people had negative

views against the popular culture and everyday life expressions of the Chinese 'newcomers'?

In Cambodia today, there is apparently the emergence of two separate spheres of Chineseness, one encompassing Chinese people of different speech groups as well as their descendants who have been integrated as members of Cambodia's imagined cultural community and citizenry and another of the various kinds of the Chinese 'newcomers'. How have such distinctive communities taken shape and formed? How do they converge and diverge? Why do the Cambodian Chinese community appear to be more socially and culturally acceptable than the Chinese 'newcomers'? What are the underlying factors influencing Cambodian people's general views and their categorisation of Chinese communities in Cambodia? How are Chineseness understood, interpreted, identified with, and expressed in Cambodia today? How do the 'newcomers' organise themselves socially in Cambodia? Therefore, this article examines the two Chinese communities in Cambodia. However, I have to admit that it may be less problematising for the paper to frame the analysis relying on these two typologies. Besides, the paper tries to propose answers to only some of the puzzles. It will require an extensive archival and ethnographic research and the length of an academic journal article or a book to answer all the puzzles.

Based on my quick limited documentary research and personal observations, I propose that the emergence of the stereotypical perceptions of two Chinese communities in Cambodia has been shaped by different competing strains of morality which have been influenced by both historical and recent contexts and processes happening in Cambodia, China and the broader international arena.

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Recent studies of Cambodia's relations with China have predominantly focused on security, foreign policy, great power rivalry, economic relations and the various connectivity initiatives such as the Belt and Road Initiative (BRI). Therefore, they adopted top-down approach and were concerned mainly with states and their elites. This article offers a glimpse of the views from below and calls for the promotion of anthropological and historical research in the study of Cambodia-China relations, which may offer nuanced views of the relations and lead to the finding of grounded theories important for scholarship and foreign policy inputs to promote the sustainability of Sino-Cambodian relations.

### **Cambodian Chinese: 'Good manner' Chinese**

As mentioned in the Introduction, diplomatic and trade relations between Cambodia and China have a long history, which can be traced back to at least the 1<sup>st</sup> century. However, the establishment of settlements by different speech groups of Chinese people with social and political structures of Chinese communities in Cambodia started at the dawn of the first European arrivals in Cambodia particularly around the time Phnom Penh was chosen as a site of the new city after Angkor. When Henry Mouhot visited Phnom Penh in 1859, he observed a substantial number of Chinese people living in the city. He reported the city as having ten thousand people, almost all Chinese.<sup>i</sup>

The Chinese communities played important roles in helping the Khmer kings consolidate Phnom Penh's position as a major trading city in the region and connect Cambodia to international trade. While positions in the political realm of the state were largely in the hands of ethnic Khmer, some influential Chinese community leaders, who could speak Khmer and wore Khmer dress, managed to gain high positions in the state including as provincial governors. The Khmer kings did not rule directly over the foreign communities in Cambodia. Through a system of indirect rule, they gave authority to the influential leaders of each foreign community to maintain

law and order among their countrymen.<sup>ii</sup> The system created social and political contracts where Chinese communities had to submit to the authority of their respective leaders, and the leaders had to submit to the authority of the Khmer kings. Therefore, a morality of order and stability of intra and inter-ethnic relations had been established in Cambodia prior to the establishment of French colonial rule in 1863.

When the French came to colonise Cambodia, they introduced *congrégation*, a governing system with similar purposes to the indirect rule. The Chinese communities in Cambodia were divided into five congregations based on the five main speech groups: Cantonese, Teochiu, Hokkien, Hakka, and Hainanese. Each congregation had a chef and a deputy who were responsible for collecting tax from their members and maintaining order in their respective congregations. The French colonial administration gave the chefs far-reaching power to ensure compliance to the rules and proper behaviour among their respective congregation members including the power to discipline and deport any rebellious members.<sup>iii</sup> Therefore, the morality of order and stability of intra and inter-ethnic relations were maintained in Cambodia despite the French colonial rule.

Many of the Chinese immigrants to Cambodia at that time came to Cambodia to settle down and build lives. Therefore, they were willing to adapt to the law, order and culture of the new place, a morality of adaptation and integration. They participated actively in the economic, political and social causes for Cambodia. For example, the five Chinese congregations raised fund among their members to jointly finance the construction of a hospital in Phnom Penh known as *pet chen* [Chinese Hospital] in 1906. They established and funded sports clubs and cultural associations.

The morality of adaptation and integration continued and intensified in later periods when there was an influx of new waves of Chinese immigrants to Cambodia in the decades before Cambodia achieved independence. They increased the Chinese population of Phnom Penh

by one-half between 1946 and 1949. The Chinese population was estimated at 135,000 in 1963, forming one-third of the city's population. Most of the newcomers were Teochiu.<sup>iv</sup> Those new immigrants were dominantly the ancestors of second and third generations of Chinese descendants in Cambodia today and have greatly influenced and shaped the identity formation of contemporary Cambodian Chineseness.

Escaping from war, famine, hardship and death in China, those new Chinese immigrants to Cambodia and other Southeast Asian countries possessed a 'DNA' to survive in the new places. They came to Cambodia with the sole purposes of settling down and building lives. Arriving poor and with no Khmer language knowledge, their priorities were to survive. Therefore, their morality of survival informed their world views and behaviour. Hard work, being thrifty, no alcohol and cigarettes were their survival strategies and defined their code of conduct also passed on to their children and grandchildren.

Their moral conduct was compatible with Khmer high culture. The Khmer *chbab* [code of conduct] and Buddhism teach Khmer people to value hard work, avoid drinking alcohol and smoking cigarettes, and lead an honest life. Therefore, the Chinese immigrants were generally accepted and even admired by ordinary Khmer people, creating a morality of 'good manner' Chinese. Their strict adherence to the moral conduct plus their entrepreneurial skills have helped many of them and their children become economically and socially successful in Cambodian society. Therefore, the Cambodian Chinese community are well respected by Khmer people for their 'good manner' and *chhlaat* [intelligent], both of which are perceived to have made them successful. Therefore, many ordinary Cambodian people nowadays are keen to express themselves as *kat chen* [having Chinese blood] to associate them with the morality of 'good manner' and success of the Cambodian Chinese community, which is one of the main reasons explaining the more widespread celebrations of Chinese New Year in Cambodia.

### **Newcomers: 'Secretive and morally corrupt' Chinese**

After Cambodia organised its first general elections in 1993, Chinese people came to Cambodia to set up garment and footwear factories to take advantage of Cambodia's gaining of preferential status in exporting products to the US and European markets. However, they were relatively small in number and were mostly factory owners and administrative supervisors. After China became the World's second largest economy and Cambodia-China bilateral relations was elevated to "comprehensive strategic partnership of cooperation" in 2013, there has been an influx of Chinese tourists and immigrants to Cambodia. The Chinese immigrants, whom I call 'newcomers' in this article, concentrate mainly in Phnom Penh, Sihanoukville, and Poi Pet border city. According to media reports, there are around 70,000 of them in Sihanoukville and around 10,000 in Poi Pet. I do not have the figures of the Chinese 'newcomers' in Phnom Penh and in the whole country. They invest in different sectors of Cambodian economy and at different scale including small and medium enterprises. Moreover, some of the 'newcomers' take occupations in the informal economy (such as barbers, hairdressers, tailors and taxi drivers), which is an economic realm of livelihood for many ordinary Cambodian people.

Unlike the Cambodian Chinese community, the Chinese 'newcomers' are generally viewed by ordinary Cambodians with suspicion. Some popular discourses expressing in the public and online spheres portray the 'newcomers' as secretive and morally corrupt. Such a morality discourse has emerged and consolidated due to at least three main related factors. First, the Chinese 'newcomers' come to Cambodia at a time when their own country is a rising superpower and people's livelihoods are improving. They come to Cambodia with cash and by planes (different from earlier waves of Chinese immigrants, many of whom were extremely poor and had to make long risky journey by ships and boats). Their

purposes are not to settle down in Cambodia but mainly to seek entertainment and ‘quick’ financial gains, a morality of seeking entertainment and financial opportunities. Therefore, some of them show off luxurious lives driving around in expensive cars, drinking alcohol and smoking, and gambling in casinos and online gambling. Many of them do not make effort to learn Khmer language and to blend into Cambodian society. As a result, their strain of morality of seeking entertainment and financial opportunities has clashed with Khmer ‘high’ culture and Buddhist morality discourses and have caused resentment among some Cambodian people.

Second, it is the morality of investment of the Chinese ‘newcomers’. They have invested in diverse sectors ranging from construction to real estate and agriculture. Some Cambodian people view Chinese investment projects as not following proper legal and technical standards, engaging in bribery, causing land grabbing, and damaging the environment if compared with Japanese investments. The widespread sharing of news of a building collapse, owned by Chinese investors, in Sihanoukville has further strengthened the view. Chinese investments are often viewed as mainly benefiting the investors, China and corrupt officials, while Japanese investments as having long term benefits to Cambodia and sympathy towards ordinary Cambodian people.

Last, it is the morality of China’s superpower and how it is represented and interpreted in everyday contexts in Cambodia by diverse actors. With its growing economic, military and political power, China has given aid and loans to several developing countries including Cambodia for infrastructural and economic development. President Xi Jinping’s BRI is aimed to connect many countries in Asia and Europe to China through roads, highways, railways, bridges and seaports. The morality of Chinese aid and loans is stated to bring huge economic development and prosperity to countries in the BRI network. However, some Cambodian people see it as an

‘immoral’ project with ‘secretive agenda’, which will make Cambodia poorer and ultimately fall under Chinese control. The Chinese ‘newcomers’ are thus also viewed in that light. Their perception has been caused by two main factors: Sino-US rivalry and the dynamic of Cambodia’s domestic politics. Some US and Western media and scholars have promoted a narrative of China’s aid and loans under the BRI as a tool for China’s strategic and military dominance and a ‘debt trap’ to ensure the borrowing countries remain subservient to China. Opposition politicians in Cambodia particularly Sam Rainsy, former leader of the dissolved Cambodia National Rescue Party (CNRP), also propagated a narrative of the Cambodian government as “colluding with China” and putting Cambodia’s sovereignty “at great risk”. Sam Rainsy appealed to Cambodian people to mobilise to support his return from exile to “rescue” the country “from losing its sovereignty to China”.

All the three strains of morality discourses (the morality of seeking entertainment and financial opportunities, the morality of Chinese investment, and the morality of Chinese aid and loans or the morality of Chinese BRI) have compounded popular views in Cambodia of the Chinese ‘newcomers’ as a ‘secretive and morally corrupt’ community. Unlike the old Chinese immigrants who arrived prior to Cambodia’s independence when Cambodia was largely a traditional society, these ‘newcomers’ arrive when Cambodia has modernised so rapidly causing so much social disruptions and anxiety. And they arrive when Cambodian nationalism has become politics of the mass, no longer the monopoly of the elites,<sup>v</sup> and the landscape of news production, consumption and dissemination has changed dramatically if compared with Cambodia prior to and post-independence.<sup>vi</sup>

## Conclusion

The earlier waves of Chinese immigrants whose descendants are now known as Cambodian Chinese have played important roles as agents in giving shape to Cambodia’s ‘modern’ economy and society. Having lived through different

periods of Cambodian modern political history when at times expressions of Chinese identities were subjected to persecution, they know Cambodia very well. They know how to blur the ethnic and cultural boundary and traverse between Cambodian and Chinese identity expressions. They know that being economically successful alone is not helpful to sustain their community in Cambodia. Therefore, many of them participate actively as members of Cambodian cultural and social communities. They have funded various construction projects in Buddhist pagodas and schools throughout Cambodia. As time passed, they have established themselves in Cambodia as ‘good manner’ Cambodian Chinese.

In contrast, the Chinese ‘newcomers’ still have limited cultural and linguistic knowledge of Cambodia. Many of them do not make effort to

integrate into Cambodian society and to exercise restraint because they value different strains of morality, which have often clashed with Khmer morality discourses. However, as time pass by, they may learn how to adapt to the Cambodian contexts. Otherwise, resentment and grievances in Cambodian society against them would grow and erupt into open conflicts, which would damage the good bilateral relations between Cambodia and China.

This article is based on my quick limited research. Therefore, my statements and analysis are merely hypotheses that need validation by proper academic research. Several questions raised in the Introduction have not been answered in this article. Therefore, they require further anthropological and historical research to investigate and shed light upon the puzzles.

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<sup>i</sup> Willmott, W.E. 1966. “History and Sociology of Chinese in Cambodia Prior to the French Protectorate.” *Journal of Southeast Asian History* 7 (1): 15–38.

<sup>ii</sup> Ibid.

<sup>iii</sup> Willmott, W.E. 1969. “Congregations and Associations: The Political Structure of the Chinese Community in Phnom Penh, Cambodia.” *Comparative Studies in Society and History* 11 (3): 282–301.

<sup>iv</sup> Ibid.

<sup>v</sup> Kimly, Ngoun. 2017. *The Politics of Nationalism in Cambodia’s Preah Vihear Conflict with Thailand: The State, the City and the Border*. PhD Thesis: Australian National University.

<sup>vi</sup> Kimly, Ngoun. 2018. “From a Pile of Stones to a National Symbol: Preah Vihear Temple and Norodom Sihanouk’s Politics of Postcolonial Nation-Building.” *South East Asia Research* 26 (2): 194–212.

## Our Vision

The Asian Vision Institute (AVI) is an independent think tank based in Cambodia.

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