

## AVI COMMENTARY

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### **Cambodia's Economic Diplomacy Strategy 2021–2023: A Positive Deliberation for 2050**

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COVID-19, the Ukraine-Russia war, and other global challenges have strained the global economy. Many countries are at a crossroads in their growth due to the increasing economic volatility as a result of growing economic competition and trade tensions, rendering governments to reconsider their economic strategies. Moreover, countries with limited resources are exposed to exogenous shocks such as global economic crises. Therefore, diversifying economic sources helps strengthen their resilience. In this context, economic diplomacy becomes more vital in modern diplomacy. Governments and non-governmental organisations use economic diplomacy to build markets, attract foreign direct investment, and pave the way for new sectors such as technology, ICTs, and the digital economy, which are critical for those seeking economic success and political stability.

#### **Cambodia's Economic Diplomacy Strategy 2021–2023**

Despite its gruesome historical past, Cambodia is known for its fast economic and social improvement and strong dedication to democracy, the rule of law, and human rights. Samdech Techo Prime Minister Hun Sen's Win-Win Policy is significant for peace, national reconciliation, and political stability, allowing the government to implement continuous market reforms leading to more than two decades of economic development and poverty alleviation. Cambodia had sustained a long period of high annual economic growth at an average rate of 7% before the outbreaks of COVID-19.

Due to the unpredictability of the global economy, Cambodia has been watchful in mitigating the impact of any possible crisis. Nevertheless, economic diplomacy remains essential for Cambodia to advance its economic integration into the region and the world to deepen bilateral and multilateral cooperation, diversify its growth sources, expand its economic potential, and fully capitalise on new opportunities by protecting and promoting national interests at the regional and international levels. Therefore, on 7 March 2019, Samdech Techo Prime Minister Hun Sen initiated the concept of economic diplomacy strategy 2021–2023 at the Annual Conference of the Ministry of Foreign Affairs and International Cooperation (MFA.IC). Adhering to the instruction, MFA.IC, under the leadership of H.E. Prak Sokhonn, Deputy Prime Minister and Minister of Foreign Affairs and International Cooperation, formulated the Economic Diplomacy Strategy for 2021–2023.

Cambodia's economic diplomacy has four objectives: (1) promoting international commerce, (2) attracting FDIs, (3) promoting tourism, and (4) promoting cultural and sports exchanges.

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Implementing the economic diplomacy strategy has fruitful outcomes, which are discussed below.

### **Economy, Trade, and Foreign Direct Investment**

Since the 1990s, Cambodia has formulated several economic development initiatives such as Open-Sky, Open-Water, and Open-Land Policies to attract visitors and investors. Subsequently, Cambodian diplomats must have substantial knowledge of diplomacy and economic literacy. As a result, Cambodia has been able to diversify trade and attract foreign direct investment.

Because of the proactive approach, since early November 2021, when the COVID-19 outbreak was completely under control, Cambodia has been one of the first countries to fully and swiftly resume social and economic activities. The Royal Government of Cambodia's rapid, thorough, and effective responses to the pandemic have supported the stability of production, the continuation of business activities, and the protection of those affected. As a result, according to the Asian Development Bank, the Cambodian economy is projected to grow by 5.3% in 2022 and 6.5% in 2023.

Cambodia has also demonstrated its unwavering commitment to trade liberalisation, regional economic integration, and a rules-based trading system through the Regional Comprehensive Economic Partnership (RCEP), Cambodia-China Free Trade Agreement, and Cambodia-Republic of Korea Free Trade Agreement. The achievement of these trade agreements is crucial because it will put the region, and Cambodia in particular, in a better position to recover from the impacts of the pandemic.

In addition, the Cambodian government has created a more enabling environment for business and investment, especially in terms of legislative arrangements to offer an investment-friendly environment, as evidenced by key legislations such as the new Investment Law, Public-Private Partnership Law, and numerous trade-related laws.

The strategy also emphasises that Cambodia is a viable place to do business and invest because of its political stability, favourable location, young workforce, plenty of raw materials, unique and differentiated preferential trade treatment, broad market access, generous investment incentives, and stable macroeconomic environment. In addition, Cambodia's diversification of trade and investment and its rapid digitalisation and e-commerce have also leveraged its competitiveness.

### **Culture, Tourism, Food, and Sports**

Cultural heritage and arts are not independent of socio-economic factors. Before COVID-19, Cambodia welcomed five million visitors a year. Our forebears' cultural heritage attracts tourists. Tourism creates employment and business opportunities, contributing to economic prosperity. Buttressed by open-sky, open-water, and open-land policies, our cultural heritage have drawn tourists and local and international investors to Siem Reap and neighbouring regions.

Furthermore, Cambodia's culinary diplomacy promotes national identity and pride. The use of food in 'Nation-Branding' is supplementary tool statecraft utilised to present Cambodia's soft image to foreign countries through globalising our food businesses, promoting our culture and

state value, attracting visitors, and enhancing international cooperation. The Taste of Angkor is a recently published cookbook by MFA.IC. This book won the Best Asian Cookbook at the 2021 Gourmand World Cookbook Awards in Paris. Furthermore, The Taste of Angkor received two Gourmand World Cookbook Awards in 2022, including the Best Asian Cuisine Book and Heads of State/Food in Sweden. Cambodia's cuisines will help the world better understand its tourism, food, and culture. In addition, Deputy Prime Minister Prak Sokhon's initiative to establish the Angkor Kitchen, a cuisine training platform for diplomats' spouses, promotes culinary and economic diplomacy. Through The Taste of Angkor and Angkor Kitchen, MFA.IC aims to attract more investment, including but not limited to tourism, aviation, agriculture, restaurant, and hotel businesses.

The importance of sports diplomacy cannot be overlooked. When the Cambodian national flag is flown high during major sporting events, it brings the country both attention and prestige. Accordingly, Cambodia's hosting of the 32nd Southeast Asian Games, the 12th ASEAN Para Games 2023, and the 2029 Asian Olympics will enhance the country's sports diplomacy. For the 32nd Southeast Asian Games and the 12th ASEAN Para Games 2023, Prime Minister Hun Sen issued the following guidelines to promote the events internationally:

The Ministry of Foreign Affairs and International Cooperation, embassies, diplomatic missions abroad and other ministries and institutions shall participate in the diplomatic and foreign affairs campaign of sports, with the agenda of promoting the Kingdom of Cambodia hosting the SEA Games and ASEAN Para Games 2023 for the first time. Using all the forums of bilateral and multilateral meetings as an opportunity to broadcast live seeking international support.

Therefore, MFA.IC has been active in sports diplomacy to promote more economic benefits for Cambodia during these major sports events.

In conclusion, despite external economic challenges, the economic diplomacy strategy 2021–2023 has provided a road map for Cambodian diplomats and officials to prioritise economic benefits for Cambodia alongside other national interests. In light of this, Cambodia's economy has continued to grow, which will definitely support the country's ambition to achieve its income goals in 2030 and 2050.

*The views expressed are the author's own and do not reflect the views of the Asian Vision Institute.*