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US-China Rivalry: Cambodia's Way Forward amid the Great Power Competition

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Introduction

Global affairs are becoming more complex in the new era of great powers' competition. China's rapid economic growth has allowed the country to expand its power and influence across multiple areas where the US was once the sole dominant actor. In this regard, the relations between China and the US have grown more strained, with their bilateral relations now regarded as one of the most important geopolitical rivalries of the 21st century across various domains. In the realm of trade, the two countries engage in a trade war for several years. In the realm of technology, the two countries are competing to be the leading global power in artificial intelligence, robotics, and quantum computing. The US has tried to restrain China's technological rise by imposing unprecedented sanctions to limit China's access to advanced computing chips. In response, China has accelerated its efforts and initiatives to develop its technology industry and lessen its reliance on foreign imports. In the security sector, the US and China are competing for influence in key regions including Africa, Latin America, and Southeast Asia.

Among the three regions, the rivalry in Southeast Asia is identified as the most intense and comprehensive, given its strategic geographical location and its prominent regional role. Cambodia, in this context, also finds itself caught in the middle of the US-China rivalry. This article will examine how Cambodia can carefully navigate and overcome these strategic challenges to advance its interests.

Cambodia's Relations with China and the US

Cambodia and China have cultivated close relations over a long shared history, formally established diplomatic relations in 1958. In 2010, both countries upgraded their bilateral relations to a Comprehensive Strategic Partnership. At present, the two countries have cultivated very high political trust and cooperate closely with mutual respect for independence, sovereignty, territorial integrity, and non-interference in internal affairs. China has provided support for Cambodia's socio-economic development, becoming Cambodia's largest trading partner and source of foreign direct investment. In 2022, bilateral trade reached USD14.5 billion, a 19% increase compared to 2021. Regarding foreign direct investment, China constitutes more than half in Cambodia, as indicated in 2020 when Chinese fixed-asset investment reached USD 1.39 billion and dramatically increased 67% to USD2.32 billion in 2021. Besides trade and investment, China is also a major source of financial assistance to

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Cambodia including loans and grants. Meanwhile, Cambodia also wholeheartedly supports China's role in both regional and global initiatives, as one of the first supporters of the Belt and Road Initiative (BRI).

In the meantime, Cambodia and the US also share a longstanding relationship and officially established diplomatic ties in 1950. Over the last 30 years, the US has provided USD3 billion in foreign assistance, including healthcare, education, economic development, and the clearance of unexploded ordnance and landmines. The two countries have collaborated to counter issues such as terrorism, human trafficking, and drug trafficking. However, in recent years, tensions have emerged between the countries regarding Chinese influence in Cambodia as well as human rights and democracy issues. In 2019, the US expressed concern over China's alleged military base in Cambodia. In response, Cambodia not only allowed the US to visit the Ream Naval base but also declared to accept funding from all countries that willing to help Cambodia upgrade the base.

With that being said, the US government is concerned about China's growing influence in Cambodia as if this small developing state will become overly reliant on China for political and economic support, given its strategic importance to both countries in terms of its geographical location and regional role, particularly its membership in ASEAN. Thus, it is essential for Cambodia to maintain a balance of friendship and its relations with both global powers by adhering to a flexible and smart small states' diplomacy and foreign policy.

Cambodia's Way Forward amid the US-China rivalry

Diplomatically, Cambodia has to strongly adhere to its constitution, which stipulates neutrality and non-alignment. Maintaining multilateral diplomacy and abiding by international law are key mechanisms for Cambodia to reduce geopolitical tensions and confrontations between the superpowers. Henceforth, Cambodia still be able to maintain its close relations with China while narrowing the "trust gap" with the US. Obviously, former Cambodian Prime Minister Hun Sen often visited China because the latter is Cambodia's largest trading partner and source of investment, even travelling there in 2020 amidst the Covid-19 to showcase a sense of solidarity with the Chinese government and people. However, in 2021, former Prime Minister Hun Sen also made a rare visit to the US Embassy in Phnom Penh, which was seen as a positive step for Cambodia to illustrate the importance of Cambodia-US relations. While maintaining a cordial relationship with China, Cambodia has worked to maintain good relations with the US by supporting initiatives like the Lower Mekong Initiative and strongly supporting the Missing in Action Program to recover the remains of fallen American soldiers from the Vietnam War.

Economically, Cambodia should seek to diversify its economic partnerships with both the US and China, as well as other countries in the region. To achieve this end, Cambodia needs to focus on attracting foreign direct investment into new sectors such as manufacturing and service, expand new export markets, and strengthen existing markets. Currently, the government is exploring more bilateral Free Trade Agreement (FTAs) to access broader markets for Cambodian products. The successful conclusion of FTAs will provide greater benefits and opportunities, especially for small and medium-sized enterprises in Cambodia. By enhancing economic resilience, Cambodia will eventually prove to the international community that it does not overly dependent on China and in fact welcomes investment and trade with all countries.'

Conclusion

Cambodia finds itself in a difficult position amid the US-China rivalry. In this challenging time, Cambodia has to strictly abide by international law and maintain neutrality while promoting multilateral cooperation and diversifying its economic partnerships. With its rightful stance and position, Cambodia will be able to maintain a balance of friendship without heavy reliance on any single great power, as well as protect its national independence, sovereignty, peace, stability, and prosperity. Even though the US-China rivalry may intensify in the future, Cambodia will likely be able to turn the challenges into opportunities by fostering a more cooperative relationship with these two economic giants.

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