

**CHINA'S POLITICAL AND ECONOMIC
RELATIONS WITH CAMBODIA: HOW
BEIJING'S INFLUENCE ON THE
KINGDOM IS GROWING**

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Executive Summary

1. China's has deep historical ties with Cambodia. In 2013, the two countries signed a "Comprehensive Strategic Partnership agreement", the first for Cambodia with another country.
2. After the establishment of diplomatic relations in July 1958, Cambodia's late King Norodom Sihanouk had built friendly ties with Chinese leader Mao and Premier Zhou Enlai to avoid Sino-Vietnamese tensions.
3. Cambodia is a close friend and partner of China in the Association of Southeast Asian Nations (ASEAN). China has strong trade and economic ties with the Kingdom and is its largest trade partner. China is Cambodia's second largest export market (8.3% of total export value in 2021) and Cambodia's largest source of imports, accounting for 33.9% of its total import value.
4. The China-Cambodia Free Trade Agreement (CCFTA), effective on 1 January 2022, is Cambodia's first bilateral free trade arrangement. It has given Cambodia impetus to further strengthen its economic ties with China and gain wider market access to the Chinese domestic market through the Kingdom's "Four Corners Development Strategy (2018-2023)".
5. Cambodia is one of the countries in Southeast Asia most supportive of the Belt and Road Initiative (BRI) and one of its major beneficiaries since 2013. The transport and energy sectors made up the lion's share of Chinese investments in Cambodia from 2013 to 2022, at US\$7.31 billion and US\$4 billion respectively.
6. Besides being the largest foreign investor in Cambodia, China is the Kingdom's biggest financier of transportation, hydropower plants and other infrastructure development.
7. Cambodia has prioritised improvement in infrastructure and connectivity for enhancing Cambodia's integration in ASEAN and the global economy.

8. The Cambodian government views BRI implementation as important for boosting national economic and social development.
9. As the largest investor and financier for Cambodia, China's influence in Cambodia has rapidly increased. Nevertheless, the massive inflow of Chinese investments and influx of many Chinese to Cambodia have jacked up rental and property prices in the Kingdom over the past decade.
10. Although the Cambodian authorities are embracing Chinese investments, the effects are not always positive for the Cambodian public. Some locals believe that Chinese investments only benefit the few ruling elites at the expense of financial, environmental and social impact on the local mass.