



## Op-Ed Series

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# Benefits of BRI on the Local Community Laying the Success of Cambodia-China Cooperation on BRI

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The Belt and Road Initiative (BRI) is the largest global economic cooperation project, covering Asia and the Middle East, Europe and Africa, spanning 65 countries on a new path of growth and human development, through infrastructure connectivity, increased trade and investment, policy coordination, financial integration, and people-to-people contacts.

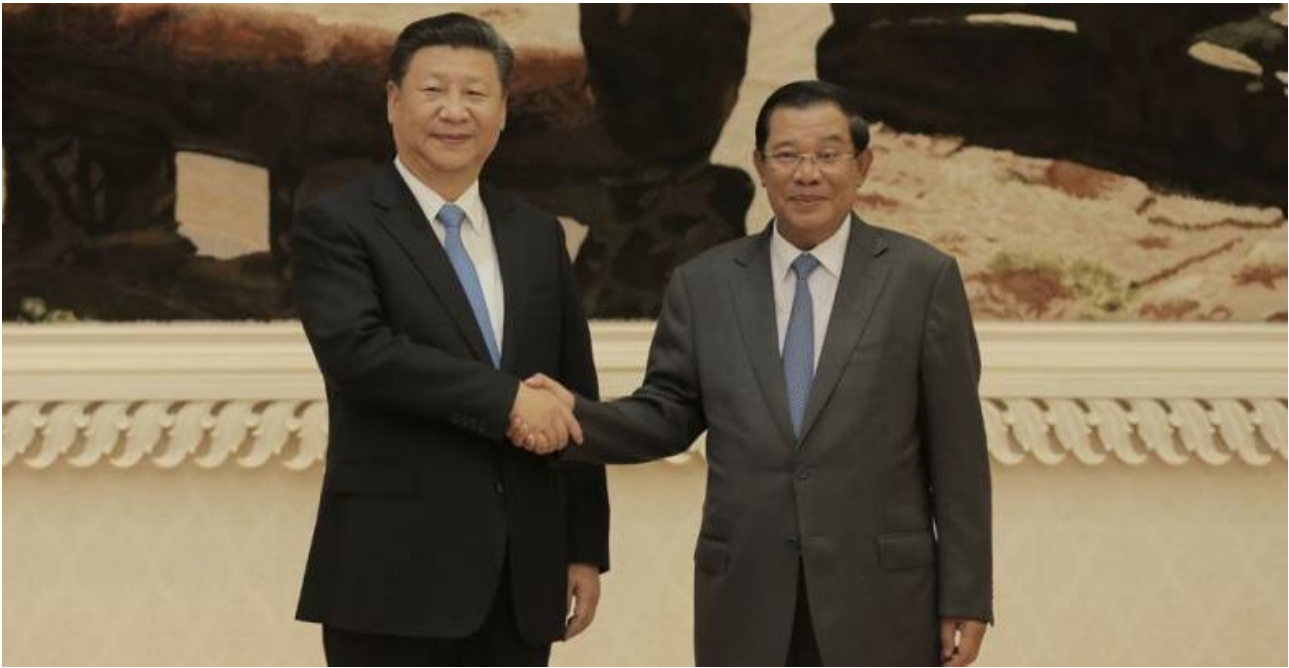
It is well known that the BRI is a welcome infrastructure development project for Cambodia that includes direct investment from China. By embracing this large-scale development and connectivity project, Cambodia, as a small developing country, enjoys many benefits.

From the success of Cambodia-China cooperation on BRI, we can see that BRI generally contributes to the development of Cambodia in three ways. First, BRI helps Cambodia improve its competitiveness and connectivity, which in turn helps Cambodia diversify its growth sources. Second, BRI strengthens the legitimacy of the regime under the leadership of the Cambodian People's Party (CPP) through economic results and outcomes. Third, BRI enhances Cambodia's international role and participation through multilateral forums and partnerships.

The article is going to focus on how Cambodia's competitiveness and connectivity have been enhanced by BRI. To start with, Cambodia benefits from the development of transport and urban infrastructure. The two countries signed six documents expressing China's financial support for the development of Cambodia's transport infrastructure during President Xi Jinping's 2016 visit to Cambodia. They also signed three Memoranda of Understanding (MoU) on capacity building on transport infrastructure in 2017. China has provided a lot of assistance to Cambodia for the development of transport infrastructure. China has built 31 highways and 8 bridges for Cambodia with a total length of more than 3,000 kilometers.

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President Xi Jinping and Prime Minister Hun Sen. Source: <https://www.thestar.com.my/aseanplus/aseanplus-news/2020/08/08/minister-cambodia-china-fta-to-boost-bilateral-trade-investment-ties>

Moreover, several transport projects are underway, including the \$2 billion Phnom Penh-Sihanoukville expressway, which will [reduce shipping time and costs for goods traveling to the deep-sea port](#) of Cambodia. Citing the new Siem Reap International Airport Project as an example – set to be the largest in Cambodia, which is projected to cost around [\\$880 million](#). This new airport will take three years to complete that begun construction this March 2020. It is believed that these infrastructure investments will enhance Cambodia's growth potential.

Cambodia also benefits from the BRI investment on the energy sector – both hydropower and coal power plants. Currently, Cambodia has [seven hydropower dams](#) with Chinese investments. The report also said that the country is generating electricity from various sources, including coal and renewable energy plans, which are expected to generate [660 megawatts and 163.77 megawatts, respectively in 2019, compared to 538 MW and 64.77 MW in 2018](#).

Chinese investment in Cambodia's energy sector currently totals more than \$11.5 billion, or 90 percent of the 2018 GDP (gross domestic product), which is about \$5.3 billion since 2013. It is expected that these power sector projects will help reduce supply-side bottlenecks, [according to Moody](#).

Likewise, China has already assisted Cambodia in approving its agricultural sector, especially through commercialization rice. In 2016, Cambodia and China signed MoU to import [200,000 tons](#) of Cambodian rice. In 2017, during Prime Minister Hun Sen's official visit to China, China agreed to increase its import quota to [300,000 tons](#).

The Secretariat of One Window Service for Rice Export reported that Cambodia had exported [75,214 metric tons](#) of milled rice to China in the first quarter of 2019, [a 59 percent](#) grow over the same time last year. It is cited that China accounted for [44 percent](#) of the Cambodia's total rice export.

Furthermore, Chinese tourists are the biggest foreign tourists to Cambodia. Tourism accounts for 12.7 percent of the country's GDP and has created direct and indirect jobs for millions of people, [according to Cambodian Tourism Minister Thong Khon](#).

China had been the largest source of foreign tourism in Cambodia in 2017 and 2018, and Cambodia is envisaged to attract [3 million Chinese tourists by 2020, 5 million by 2025 and up to 8 million by 2030](#).

In addition, BRI projects in Cambodia is strengthening the private sector and promoting investment and business. The two countries are cooperating on private sector development and business investment. For instance, the Phnom Penh-Sihanoukville Expressway, which is worth approximately [\\$2 billion – the entire cost will be borne by a Chinese private company](#). As mentioned, this tourist cooperation contributes to strengthening the private sector and promoting investment and business. China will increase and improve foreign investment, and Cambodia can expect to benefit from these policies.

Despite these positive developments, in recent years, Cambodia and China have seen a decline in cooperation in information technology and telecommunications. Only [one document](#) related to the sector was signed in 2016. However, this is not a negative sign for Cambodia-China ties. Instead, Cambodia focused on capacity building cooperation with China, as China's telecommunications and e-commerce sector is a leading industry of them.

Even though Cambodia enjoys many benefits from BRI projects, there are challenges along the way. The people, especially in Sihanoukville, are facing problems such as [rising wages, high pressure for displacement by China's development](#), and other issues related to public order and security.

Therefore, to maximize the opportunities presented by BRI, Cambodia needs to strengthen its [governance \(promote transparency and accountability\)](#), develop the human resources and skills needed to build a knowledge-based economy and promote an inclusive and sustainable development agenda.

Overall, BRI has significantly contributed to economic growth by investing in infrastructure projects such as roads, bridges, expressways, ports and airports. Under the BRI framework, Cambodia has received more and more Chinese investors, especially in the areas of [infrastructure, real estate and construction, agriculture and tourism](#).

Among those areas, infrastructure is a top priority for economic development to Cambodia. With significant cooperation between the two countries, BRI helps to [improve the Cambodia's transport infrastructure between urban and rural areas. This infrastructure development is tremendously useful as it allows](#) Cambodian farmers to easily bring their agricultural products to market, and local and international tourists can easily travel from one place to another across the country.

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CICP is an independent, neutral, and non-partisan research institute based in Phnom Penh, Cambodia. We aspire to become a leading institution in Cambodia and we are dedicated to the study of social, political and economic trends in both Cambodia and the region of Southeast Asia as a whole. Our mission is to cultivate broader interests concerning the development of Cambodia and promote wider attention among a community of scholars to engage in research within the fields of political science, international relations, history, peace building, and socio-economics studies in order to better understand the current and future prospects of the country and the region.

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