

# PERSPECTIVE

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## ***“Same-Same but Different”*: Laos and Cambodia’s Political Embrace of China**

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### **EXECUTIVE SUMMARY**

- Laos and Cambodia are perceived as China’s most trusted political allies in Southeast Asia.
- Laos has come across as more “even-handed” in handling its Chinese benefactor. Ever mindful of its land-locked status and smaller size, Laos has tended to be accommodating towards its immediate neighbours for patronage or leverage.
- Cambodia appears more comfortably ensconced in China’s embrace and has little qualms about bandwagoning. It views its immediate neighbours, Vietnam and Thailand, as historic predators of Khmer territories, and China as playing a pivotal role in ensuring its own survival.
- China’s footprint in Laos and Cambodia is poised to grow. As Laos and Cambodia become increasingly reliant on China, accommodating an assertive China will be more challenging.

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## INTRODUCTION

The significance of the present-day Chinese footprint in Laos and Cambodia is a fairly recent phenomenon – starting in the 1990s. In the modern era, China has played a comparatively less active role in the politics of Laos compared to Cambodia. This is notwithstanding Laos sharing a border with China (which Cambodia does not do) and that they are both ruled by communist parties. Up till the late 1990s, communist Laos has been left largely under Vietnam’s sphere of influence. In contrast, China has played a considerably more prominent role in Cambodia over the past few decades starting from the Sihanouk era of the 1950/60s through to the Cold War era. China also supported the Khmer Rouge regime (1975-78) and became embroiled in the Third Indo-China War in 1979.<sup>1</sup> Thereafter, Chinese influence in Cambodia waned till the 1990s when Beijing began to form its present-day close alliance with Prime Minister Hun Sen’s Cambodia Peoples’ Party (CPP).

Today Laos and Cambodia are perceived as China’s most trusted political allies in Southeast Asia. Both governments have been receptive to all forms of Chinese overtures, shown great interest in developing relations, and are enthusiastic supporters of Chinese initiatives. This is manifested not only in the thick band of government-to-government exchanges<sup>2</sup> but how both regimes have welcomed Chinese capital, investment and people into their respective countries. Indeed China has become the most important economic investor and developmental partner for Laos and Cambodia<sup>3</sup> — a position that will be further enhanced by the still-evolving Belt-Road Initiative (BRI)’s proposed pipeline of investments and infrastructure projects. Notably the BRI also positions both Laos and Cambodia as key nodes of the framework’s “Indochina Peninsular Corridor” into Southeast Asia.

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<sup>1</sup> Academic studies usually refer to the 3<sup>rd</sup> Indochina War as the series of interconnected wars that followed the peace accords between the US and North Vietnam in 1973 (which allowed the US to withdraw from South Vietnam) till the Paris Peace Accords of 1991/1992. In 1979 China launched a punitive strike against Vietnam in response to the latter’s invasion of Cambodia which ousted the Khmer Rouge regime.

<sup>2</sup> The tempo is set at the highest level. There have been frequent and regular exchanges at the leadership level since former Chinese President Jiang Zemin’s landmark visit to Laos and Cambodia in 2000. Laos has since received then-PM Wen Jiabao (2004), then-President Hu Jintao (2006), then-Vice President XI Jinping (2010), then-PM Wen Jiabao (2012) and PM Li Keqiang (2016). Since 2011, the sitting Lao Prime Minister has visited China once a year at least. In Cambodia’s case, Phnom Penh has received then-PM Wen Jiabao (2006), then-President Hu Jintao (2012) and President XI Jinping (2016). Cambodian PM Hun Sen has visited China at least once a year since 2012.

<sup>3</sup> According to statistics from the Lao Ministry of Planning & Investment, China’s total accumulated investment in Laos surpassed US\$6 billion in 2016, making it the largest foreign investor in the country. The Ministry also puts China as the largest Official Development Assistance (ODA) or donor to Laos in 2014, with its US\$187 million in grants. According to the Council for the Development of Cambodia (CDC), China is the largest foreign investor with total accumulated investments reaching almost US\$12 billion as of the end 2016. Likewise, Cambodia also considers China as the country’s most important developmental assistance partner. Concessionary lending and loans, rather than grants, form the bulk of Chinese aid (but do not count in OECD and Western calculation of ODA). The exact amount of Chinese economic aid and lending to Laos and Cambodia remains unknown due to scattered figures. However they are massive and the bulk goes towards strategic flagship infrastructure projects.

A recurring theme — based on the findings of a recent field trip to Laos and Cambodia where the author met government officials, diplomats, international organisations/NGO experts, track-II academics, media commentators and businesspeople — has been that both countries have “no choice” or “little choice” but to embrace China. Most interlocutors point out that there is a “small window” through which they can ride on a fast-rising China to catch up and compete with their more advanced neighbours, Thailand and Vietnam, and that they are prepared to lean towards China’s foreign policy positions or be more accommodating to Chinese presence. Laos and Cambodia are merely practising *Realpolitik* or being hard-nose like all states when it comes to the pursuit of national development or interests. This, however, has led to media and academic narratives painting both countries as “vassals” or “client states” of China. In this context Laos and Cambodia stand apart from the other mainland Southeast Asia nations of Vietnam, Myanmar and Thailand where Chinese influence is arguably less encompassing, and face a higher risk of push-back. They certainly do not share the levels of political and economic accommodation that Laos and Cambodia have given to China.

While Laos and Cambodia share similar imperatives in embracing China, there are deep dynamics and undercurrents in Lao and Khmer politics which have a strong bearing on how they navigate their asymmetry vis-à-vis China. Labelling Laos and Cambodia as Chinese “satellites” of similar mould is to simplify a complicated issue. There are varying degrees and reasons between the two countries in how they accommodate China’s growing footprint.

## ACCOMMODATION

Laos has come across as more “even-handed” in handling their Chinese benefactor. An oft-cited example is how Laos has managed to strike a compromise between claimants (which included China and Vietnam) to issue a communique of the ASEAN Ministers’ Meeting under its Chairmanship in 2014 addressing tensions in the South China Seas (SCS). This exemplifies — what a Lao foreign ministry official and academic separately described to the author — as the “balancing act” of Laos. In other words, China may grow in importance for Laos but the latter understands the need to strive for balance with its neighbours and major powers. Notably, a media report observed that Laos’ diplomatic manoeuvres can be observed in Vientiane’s infrastructure where the airport is built by Japan, international conference halls by China and the city’s river bank redevelopment by South Korea.<sup>4</sup>

By comparison, Cambodia appears more comfortably ensconced in China’s embrace and have little qualms about bandwagoning. The infamous episode is the failure of the Cambodian Chairmanship in delivering the 2012 ASEAN Ministers’ Meeting Communique over the SCS issue. More recently, Cambodia echoed China’s position to reject efforts by some ASEAN member states calling on China to respect the Arbitral Tribunal’s ruling in

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<sup>4</sup> Yusho Cho, “Laos Showing Off Some Diplomatic Skills”, *Nikkei Asian Review*, 14 August 2016.

relation to the Southeast China Sea on 12 July 2016<sup>5</sup> (note: Laos did not do so). In a repeat of past patterns, Cambodia received due rewards during President Xi Jinping's visit in October 2016, with a generous commitment of Chinese economic aid worth over US\$600 million alongside some thirty-one cooperation agreements<sup>6</sup>. Unlike Laos, Cambodia has been more unabashed about aligning with China. Prime Hun Sen has publicly declared China as the country's "most trustworthy friend" and that supporting Beijing is "Cambodia's political choice"<sup>7</sup>. A Cambodian official also told the author that it will be "inaccurate" to apply the term "balancing act" to his country's foreign policy. They *are* pro-China. That said, the Cambodians also declare that they are ultimately willing to be "open to all" and "to dance with all" if it serves national interests – but presently none of the other powers can match the "benefits" that the Chinese bring.

## CALCULATION

The difference in conduct between the two countries can in part be understood in light of its relations with their immediate neighbours. Both Laos and Cambodia share borders with Vietnam and Thailand. While they have similarly long and complex histories with both neighbours, the arguably less contentious relations that Laos presently enjoys with Vietnam and Thailand affords it more diplomatic space and leverage compared to Cambodia. To be sure, there are tensions that bedevil Lao-Vietnamese and Lao-Thai bilateral dealings, but they are considerably less edgy than Cambodia's ties with the same neighbours.

Laos, ever mindful of its land-locked status and smaller size, has tended to be accommodating towards its immediate neighbours in return for patronage or leverage. For example, the ruling Lao Peoples' Revolutionary Party (LPRP) depended on direct assistance from Vietnam to capture power in 1975 as well as for economic survival in the 1980s. During that period, Laos was largely considered a suppliant satellite of Vietnam. In the 1990s a triangular dynamic evolved as Laos normalised relations with Thailand to take advantage of the latter's more developed economy and commercial links to the global

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<sup>5</sup> On 28 June 2016 (two weeks before the Arbitral Tribunal ruling) PM Hun Sen reportedly stated that "The CPP (Cambodia's ruling party) does not support, and more so is against, any possible declaration by ASEAN to support [the] decision of the Permanent Court of Arbitration in relation to the South China Sea disputes, which some countries outside the region have wire-pulled and pressured ASEAN members [for,] even before the court reaches a decision..." See Tien Shaohui, "Cambodia's Ruling Party Not to Support Arbitration Court's Decision over South China Sea: PM", *Xinhua*, 28 June 2016.

<sup>6</sup> In Dec 2009 the visit of then-Chinese Vice President Xi Jinping pledged over US\$1.2 billion in economic aid/cooperation to Cambodia after the latter obliged Beijing's request to deport 20 Uighurs. This came against the backdrop of protests and cancellation of military aid from Washington. Then-Chinese President Hu Jintao visited Cambodia in March 2012 at the start of Cambodia's ASEAN Chairmanship. Some commentators believe that this emboldened the Cambodians to take a more pro-Chinese stance over issues such as the SCS during the course of the year.

<sup>7</sup> PM Hun Sen described China as Cambodia's "most trustworthy friend" in remarks to the media following the visit of then-Chinese PM Wen Jiabao in 2006. In April 2013, PM Hun Sen stated that supporting China was "Cambodia's political choice" following his meeting with President XI Jinping in Bo'ao.

economy. This was a pragmatic move as its erstwhile patron Vietnam was then preoccupied with its own economic restructuring. Nevertheless, relations with Vietnam continue to enjoy primacy at the political leadership level and the LPRP maintains a “special relationship” with the Vietnamese Communist Party (VCP) to the present day. Thailand, on the other hand, became an important economic partner for Laos but does not exert comparable political pull<sup>8</sup>. Increased Chinese influence since the 2000s injected a new dynamic seen in today’s contest of influence between the fraternal communist states of China and Vietnam.

Despite the Chinese having deeper pockets and being able to dispense more developmental goodies than Vietnam, Laos has tried to keep some semblance of balance. A diplomat based in Vientiane told the author that Laos has been observed to continue giving the Vietnam Embassy better protocol treatment by sending high-ranking LPRP politburo members to the latter’s National Day reception. In contrast, the Chinese Embassy received a lower ranking guest-of-honour position. This may appear a trivial matter but form is an important political tool for the LPRP in affirming its ties with its Vietnamese counterparts. Likewise, when the new Lao President, Bounyang Vorachit, was elected in March 2016, he visited Hanoi before Beijing. Some commentators also point out that there is “roll-back” within the ruling LPRP since its January 2016 10<sup>th</sup> Party Congress. The exit of senior cadres perceived to be too pro-China was read as a sign that the Lao leadership preferred to engage with China in a more even-handed manner<sup>9</sup>.

Cambodia, on the other hand, views its immediate neighbours Vietnam and Thailand as historic predators of Khmer territories, and sees China as playing a pivotal role in ensuring its survival. The adage that “the enemy of my enemy is my friend” very much applies. This is particularly salient as memories of the 1978 Vietnamese “invasion” of Kampuchea and the subsequent decade-long “occupation” of Cambodia are still fresh in the memory of segments of the population. The trauma of the occupation, moreover, sits atop centuries of warfare where Vietnam was seen to have swallowed Cambodian territory (note: Khmer nationalists refer to present-day South Vietnam as “Khmer Krom” or Lower Khmer, and consider it a “heartland” territory that was lost). Till today, the CPP regime is sensitive of references to its Vietnam-linked past, especially since it was the latter that installed it. A senior Cambodian government advisor explained to the author that the “psychological impact” of the above narratives on the mind-sets of the Cambodian leaders and people cannot be underestimated.

China’s growing interest in Cambodia is thus irresistible to the ruling CPP. In geopolitical terms, China is a powerful check on Cambodia’s neighbours. Domestically, as the anti-Vietnam card is a powerful and inflammatory weapon in local politics, PM Hun Sen can

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<sup>8</sup> Notwithstanding the extensive economic ties, there continues to be deep strategic and psychological mistrust of Thailand amongst the Lao political elite. On one level, the LPRP cadres have been conditioned to put trust in Vietnam rather than Thailand. On another, the Lao often chafe at the “Pi-Nong” (Big Brother-Small Brother) attitude displayed by the Thais, given the historical and cultural affinities between the two societies.

<sup>9</sup> The most prominent “exit” was the retirement of DPM and Politburo member Somsavath Lengsavad. A Sino-Lao cadre, Lengsavad was closely associated with Chinese investment and development projects over the last two decades. See Luke Hunt, “Leadership Change in Laos: A Shift away from China?”, *The Diplomat*, 25 January 2016.

shake off some of the Vietnamese “quasi-colonial”<sup>10</sup> stigma by swopping for a patron that appears to carry lower political costs. It is telling that the Cambodian opposition, in playing its anti-Vietnam card, calls for Cambodia to be *even more* stridently pro-China<sup>11</sup>. Prime Minister Hun Sen, to his credit, has clamped down on those attempting to stoke anti-Vietnamese sentiments in order that he can keep ties with Vietnam stable even as he moves closer to China.<sup>12</sup> Thailand, meanwhile, is viewed by the Cambodians with relatively less animosity than the Vietnamese even though there is a history of “lost Khmer territories” and hostilities. A National Assembly Member explained to the author that Cambodians find some affinity with the Thais because of a shared Indic-based culture and Theravada Buddhist religion. In a sense, the Thais are less “alien” than the Sinicized Vietnamese. Nevertheless, the Thais are still seen as a historic “predator” and potentially troublesome neighbour. The most recent flare-ups have been over the disputed Angkor-era Preah Vihear temple and involved armed clashes at the border in 2008 and again in 2011. This is evidence that the Cambodians need to keep “guard” even though Cambodian-Thai relations have been on an even keel lately.

## CONCLUSION

For the foreseeable future, China’s influence over Laos and Cambodia is poised to grow. The current *modus vivendi* serves all sides well. China is able to extend and plant strategic footprints in its Southeast Asian “backyard” while neither the Lao or Cambodian governments are prepared nor able to be weaned off Chinese largesse and support – especially when these serve to support the political status quo.

Going forward, however, harder questions will be asked of Laos and Cambodia. Accommodating an increasingly assertive China that wants to flex its strategic and military muscles will prove more challenging than embracing investments and infrastructure

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<sup>10</sup> The label is attributed to Cambodian expert and journalist Sebastian Strangio and is his description of the early years of PM Hun Sen’s relationship with the Vietnamese.

<sup>11</sup> Commenting on the ongoing South China Sea dispute in 2013, *de facto* Opposition leader Sam Rainsy publicly stated that his party (Cambodian National Rescue Party) was “on the side of China, and we support China in fighting against Vietnam over the South China Sea issue. ... The islands belong to China, but the Viets are trying to occupy them, because the Viets are very bad.” See also Kuch Naren, “Rainsy Says CNRP Backs China, Not Vietnam, in Sea Dispute”, *The Cambodia Daily*, 11 January 2014. Defending his point on Facebook later, Rainsy argued that, “when it comes to ensuring the survival of Cambodia as an independent nation, there is a saying as old as the world: the enemy of my enemy is my friend.”

<sup>12</sup> A prominent episode is Cambodian CNRP opposition lawmaker Um Sam An’s attempt to stoke anti-Vietnam sentiments during the Cambodian-Vietnam border demarcation and negotiation exercise by accusing the ruling CPP of using fake maps that essentially ceded territory to Vietnam. After expending considerable effort (including making requests to the French and UN authorities) to show that the current regime was using the so-called correct “1964 maps” submitted by the then-Sihanouk Government, PM Hun Sen moved to arrest and convict Sam An for “incitement”. The latter was sentenced to 2.5 years imprisonment in October 2016. See also Sokunthea Vann, “Story of the Border Maps: Hun Sen to Threaten to Handcuff Anyone Who Accuses His Government of Using Fake Maps”, *RFA Khmer Service*, 13 April 2016.

initiatives. For example in July 2017, China took the first step of having an overseas naval base or “support facility” in Djibouti to help project power and protect its interests in Africa. Will Laos or Cambodia accommodate if China looks for similar facilities in Southeast Asia? Do they have leeway to turn China down if there is regional discomfort? The questions may be rhetorical but it highlights the “Trojan Horse” perceptions that come with the embrace of China.

Indeed most Lao and Cambodia establishment interlocutors chafe at such depictions and dismiss these criticisms as an inability to understand the practicalities of survival they face as small (and underdeveloped) states in a tough neighbourhood. Relying on patrons to provide political support and economic assistance is not new for the Lao and Cambodian establishments. In the last seventy years, as an elderly Lao businessman told the author, Laos and Cambodia had in turn embraced France (colonial era), the United States (Vietnam War era), the former Soviet Union (1980s), Japan (1990s), and now China.

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