

JOHN D. CIORCIARI

Cambodia in 2019

Backing Further into a Corner

ABSTRACT

In 2019, Cambodia saw long-ruling Prime Minister Hun Sen tighten his grip on power. Economic growth continued, but with rising risks related to a real estate bubble, mounting debt, and yawning social inequality. Externally, Cambodia deepened its dependency on China, insulating the Hun Sen regime in some respects but contributing to new vulnerabilities.

KEYWORDS: authoritarianism, democracy, repression, sanctions, Cambodia-China relations

THE YEAR 2019 SAW CAMBODIA slide further into authoritarian, patrimonial rule. Long-time Prime Minister Hun Sen and his Cambodian People's Party (CPP) sought to quash what remains of an organized domestic political resistance. Strong economic growth continued, though concerns about a real estate bubble, deepening indebtedness, and widening social inequality presented possible storm clouds on the horizon. In foreign affairs, the CPP doubled down on its partnership with China despite mounting popular frustration with that relationship.

SETTLING INTO A SINGLE-PARTY STATE

Hun Sen entered 2019 in a commanding domestic political position. Before national elections the previous year, he had cast off the façade of multiparty democracy, engineering the Supreme Court's decision to dissolve the rival Cambodia National Rescue Party (CNRP) and impose a five-year ban

JOHN D. CIORCIARI is Associate Professor and Director of the Weiser Diplomacy Center and International Policy Center at the Gerald R. Ford School of Public Policy, University of Michigan, Ann Arbor, USA. Email: <johnnior@umich.edu>.

Asian Survey, Vol. 60, Number 1, pp. 125–131. ISSN 0004-4687, electronic ISSN 1533-838X. © 2020 by The Regents of the University of California. All rights reserved. Please direct all requests for permission to photocopy or reproduce article content through the University of California Press's Reprints and Permissions web page, <https://www.ucpress.edu/journals/reprints-permissions>. DOI: <https://doi.org/10.1525/AS.2020.60.1.125>.

on politics for 118 senior CNRP members. The ruling CPP thereafter held all 125 seats in the National Assembly, all 58 elected seats in the Senate, and control of the judiciary and security services. The CNRP, which had won nearly half of the popular vote in the 2013 general election and 2017 commune elections, was greatly weakened. Its former leader Sam Rainsy was in exile, and CNRP president Kem Sokha was under house arrest on charges of treason.

Hun Sen did not relent, instead doubling down on a pair of well-worn tactics: tough talk and politicized prosecution. In January, when European Union officials threatened to revoke Cambodia's preferential trade status to protest the repression, Hun Sen dared them to sever preferential access: "If you want the opposition dead, just cut it."¹

In March 2019, a court issued arrest warrants for eight leading opposition leaders who had fled Cambodia before the 2018 elections, including Sam Rainsy and CNRP vice president Mu Sochua. Cambodian authorities began questioning, summoning, or detaining CNRP members for gathering or for expressing support Sam Rainsy and Kem Sokha. In June 2019, a pair of UN human rights experts issued a scathing report, finding that roughly 140 CNRP members had been affected. Some were charged with "incitement to commit a felony," and many received summonses suggesting that they had violated the 2017 Supreme Court decision dissolving the CNRP—a much-criticized ruling based on allegations of a CNRP plot to overthrow the government. Hun Sen added publicly that he would use the courts to "wage war" on Sam Rainsy, whom he called "a dog I need to destroy."²

That war resurged in August 2019, after the CNRP announced Sam Rainsy's plan to return to Cambodia in November. Cambodian authorities charged and jailed dozens more CNRP members. In September, Sam Rainsy, Mu Sochua, and others were charged with attempting a coup. Hun Sen threatened to arrest any exiled CNRP leader who returned and dispatched warrants to the other nine member states of ASEAN. These maneuvers were widely perceived as part of what the June report by the UN human rights experts had called "an escalating trend of suppression by the Cambodian

1. "Cambodian PM Warns of 'Dead' Opposition If EU Withdraws Preferences," Reuters, January 13, 2019.

2. "Cambodia's PM Hun Sen Dismisses Calls for Resignation, Vows to 'Wage War' on Opposition," Radio Free Asia, May 30, 2019.

Government of dissenting opinions in what appears to be an attempt to intimidate or silence political opinion.”³

At the end of October, Sam Rainsy vowed to return to Cambodia on November 9, Cambodia’s Independence Day. In a Facebook video, he said: “I am prepared to sacrifice my freedom, and even my life” to seek democracy in Cambodia. He warned his supporters, “this may just be the last time you will see me alive as a free man.”⁴ The Cambodian armed forces mobilized to prepare for possible demonstrations, conducting live-fire exercises, as the country braced for a showdown.

Sam Rainsy pledged to enter by land from Thailand, but his return was thwarted when Thai Airways refused to let him board a flight from Paris to Bangkok. He remained abroad, calling for a “peaceful uprising” and urging the military “not to shoot at the people.”⁵ Facing international pressure, the Hun Sen government released approximately 75 jailed CNRP activists in November, including Kem Sokha. More than 20 others remained in custody, however, and Kem Sokha was still banned from politics and set to face trial for treason in January 2020. The release of some CNRP activists thus appeared to be a tactical maneuver rather than a change in CPP strategy.

ECONOMIC EXPANSION AND RISING RISKS

In some respects, Cambodia’s economy fared well in 2019. It grew at roughly 7%, the fastest among ASEAN states. The Sino–American trade war had little adverse impact on Cambodia and some positive spillover effects, as warm relations between Beijing and Phnom Penh have helped make Cambodia an attractive destination for Chinese firms shifting operations abroad. A continued boom in real estate and construction was a key engine for growth, abetted by gains in the garment, footwear, and tourism sectors and modest increases in agricultural output following an early-year drought. Economic expansion

3. UN Human Rights Special Procedures, “Cambodia: UN Experts Concerned at Government Moves to Silence Political Opponents,” News Release, June 19, 2019, <https://cambodia.ohchr.org/sites/default/files/pressstatementsource/News_Release%20Cambodia%20Opposition%20Crackdown_EN.pdf>.

4. “Opposition Leader Says Will Give Up ‘Freedom and Even My Life’ for Cambodia Democracy,” Radio Free Asia, October 31, 2019.

5. “Exiled Cambodian Opposition Leader Calls for ‘Peaceful Uprising,’” Al Jazeera, November 13, 2019.

continued to give CPP leaders the resources to manage the patronage networks underpinning their rule.

Still, the economy faced substantial challenges and mounting risks. Although authorities have taken steps to diversify it, inadequate infrastructure continues to limit its integration into regional manufacturing supply chains. Rapid expansion of credit for construction and property investment boosted growth but also aggravated concerns about a real estate bubble that could soon burst. Heavy continued reliance on Chinese investment deepened Cambodia's debt and raised its exposure to the effects of a potential economic downturn in China. Cambodia's developing financial sector appears ill positioned to cope with potential macroeconomic shocks or a collapsing credit bubble.

Challenges were also apparent in the labor market. Cambodia's GDP growth has outpaced investment in health, training, education, and infrastructure that would boost lagging productivity and justify the rising wages secured by the country's active labor unions. This was most apparent in the garment sector, long a major source of Cambodian exports, as Cambodian labor costs rose to roughly US\$ 200 per month, higher than costs in South Asia, Myanmar, and Laos. As the year began, garment workers protested for higher pay. Hun Sen retorted that up to 800 of the country's 1,000 factories could face closure if protesters' demands were satisfied. Indeed, 70 Cambodian garment factories were shut down in the first half of 2019—more than twice the 2018 total. Nevertheless, in October the government announced a 4.4% minimum-wage hike for garment workers. Layoffs and low wages in the garment industry are political hazards for the CPP, as garment workers have long occupied central roles in the opposition political movement.

The labor protests were linked to a broader challenge of widening inequality. The gains from Cambodia's growth have been highly concentrated in an emergent class of economic elites, led by tycoons with ties to the ruling party. The most conspicuous embodiment of the widening wealth gap is the shiny commercial development on Koh Pich (Diamond Island) in Phnom Penh, where swampland has been transformed into luxury high-rises, largely through Chinese investment.

For most Cambodians, strong macroeconomic growth continued to deliver fewer dividends. Rising real estate prices forced more low-income urban dwellers out of their homes; a *Japan Times* report found that more than 25,000 families now live in 277 slum settlements around Phnom Penh.

Higher costs of living have eroded the gains from higher wages, and investment in public services has not kept pace with macroeconomic growth. For ordinary Cambodians, mired in traffic on their mopeds beside the gleaming villas of the country's elites, their declining relative wealth is a source of rising discontent.

FOREIGN RELATIONS

As in years past, Cambodian foreign policy was driven primarily by the CPP's focus on domestic regime security and appetite for lucrative foreign investment. With Western powers criticizing Hun Sen for political repression and threatening sanctions, China became an even more dominant factor in Cambodia's external relations.

Concerns about democracy and human rights strained Cambodia's relations with the West. In early 2019, the European Union announced that it would review Cambodia's eligibility for the Everything but Arms trade program, which allows low-income countries to sell duty-free goods in EU member states. In June, the US government imposed sanctions on Hing Bun Hieng, the commander of Hun Sen's bodyguard unit, for alleged human rights abuses. The following month, the US House of Representatives passed the Cambodia Democracy Act, which chastised the Cambodian government for repression and unfair electoral practices, demanded restoration of the CNRP and return of its parliamentary seats, and directed the US president to impose additional targeted sanctions. Hun Sen responded defiantly that Cambodia could weather the storm: "Trust me, the game of placing sanctions and embargoes does not kill anyone."⁶

In November, as the possible suspension of EU trade preferences approached, Hun Sen sought to ease international pressure through the release of jailed CNRP activists and to repair ties with the Trump administration. In an exchange of letters with Donald Trump, he called for efforts to "renew the bond of friendship" between Cambodia and the United States.⁷ This reflected a long-standing pattern in Hun Sen's relations with the West,

6. Niem Chheng, "Hun Sen: Kingdom Always Stays Strong When Aid Cut," *Phnom Penh Post*, Oct. 10, 2019.

7. Prak Chan Thul and Kay Johnson, "In Reversal, Cambodia's Hun Sen Offers U.S. New 'Bond of Friendship,'" Reuters, November 27, 2019.

offering tactical concessions and occasional overtures to prevent wider ruptures that could jeopardize regime security.

China provided strong ballast for the Hun Sen regime as it confronted Western invective. Beijing continued to deepen its involvement in Cambodia without questioning the CPP's domestic practices. During a January trip to Beijing, Hun Sen secured a US\$ 600 million, three-year package of grant assistance from China. After a second trip, in April, he announced that China would help Cambodia if EU sanctions took effect.

Cambodia reciprocated, both by granting large economic concessions to Chinese firms and by coming to China's defense diplomatically. In June, as ASEAN members negotiated a joint diplomatic statement to convey the ASEAN "Outlook on the Indo-Pacific," Cambodia reportedly called for removing references to maritime cooperation, a move seen by other ASEAN members as a favor to China.⁸ In October, Cambodia signed a joint statement penned by Belarus defending China's human rights practices in Xinjiang.

Sino-Cambodian cooperation also waxed in the military domain. In July, the *Wall Street Journal* broke a story that Cambodia had signed a secret deal giving China exclusive access to part of the Ream Naval Base in the Gulf of Thailand, near the South China Sea and adjacent to vital waterways approaching the Malacca Strait. "This is the worst-ever made up news against Cambodia," Hun Sen exclaimed, asserting that "hosting foreign military bases is against the Cambodian constitution."⁹ Nevertheless, many external observers regarded the reports as credible, particularly in capitals such as Washington, Tokyo, and New Delhi, where concerns about China's maritime ambitions are acute. In October, Defense Minister Tea Banh inked an agreement with his Chinese counterpart, Wei Fenghe, for US\$ 80 million in aid to the Royal Cambodian Armed Forces and expanded joint exercises.

China's growing footprint in Cambodia encouraged some governments to seek further engagement with Phnom Penh. Japan gave more than US\$ 80 million in aid for infrastructure and related projects, such as irrigation and wastewater management, and expanded its training and joint exercises with Cambodian police and counterterrorism units. Vietnam signed accords with Cambodia on border management, economic assistance, and trade and

8. Toru Takahashi, "Hun Sen Gently Adjusts Cambodia's Intimacy with China," *Nikkei Asian Review*, July 13, 2019.

9. "Cambodia Denies 'Secret Deal' Allowing Chinese Forces to Be Stationed at Naval Base on Gulf of Thailand," Reuters, July 22, 2019.

investment promotion. Thailand and Cambodia bolstered rail and sea links to promote trade, reflecting the rapprochement between the two neighbors since their impasse over the Preah Vihear Temple and other border feuds a decade ago.

While surging Chinese influence has given the CPP more leverage abroad, it has also generated mounting domestic problems. Anti-Chinese sentiment rose as Cambodians complained of soaring prices and condescension by Chinese expatriates. In June, Hun Sen hurried to the site of a collapsed building that had killed 28 sleeping workers in the coastal city of Sihanoukville. As rumors swirled that substandard work by a Chinese construction firm was to blame, Hun Sen ordered that two Chinese nationals be detained.

The visit had symbolic significance, as Sihanoukville has become closely identified with China's growing clout in Cambodia. The city has seen a boom in Chinese development, usually relying on Chinese workers, and a related boom in Chinese residents, many of them undocumented.¹⁰ As Chinese firms have opened hundreds of hotels, casinos, and nightclubs, Cambodian workers have protested ill treatment, and religious and community leaders have rallied against environmental damage and Chinese gang activity.

Overall, 2019 saw the Hun Sen regime backing further into a corner. It retreated further toward authoritarian rule, toward reliance on foreign investment in property and construction for growth, and toward an embrace of Beijing in foreign affairs. The sum of these trends left Cambodia's government more at odds with its people, more vulnerable to adverse economic shocks, and more beholden to a foreign power.

10. Takahashi, "Hun Sen."