

# The Washington Post

## **China's billions reap rewards in Cambodia**

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IN KOH KONG, CAMBODIA Down a blood-red dirt track deep in the jungles of southwestern Cambodia, the roar begins. Turn a corner and there is the source - scores of dump trucks, bulldozers and backhoes hacking away at the earth. Above a massive hole, a flag flaps in the hot, dusty breeze. The flag of the People's Republic of China.

Here in the depths of the Cardamom Mountains, where the Chinese-backed Khmer Rouge communists made their last stand in the late 1970s, China is asserting its rights as a resurgent imperial power in Asia. Instead of exporting revolution and bloodshed to its neighbors, China is now sending its cash and its people.

At this clangorous hydropower dam site hard along Cambodia's border with Thailand, and in Burma, Laos and even Vietnam, China is engaged in a massive push to extend its economic and political influence into Southeast Asia. Spreading investment and aid along with political pressure, China is transforming a huge swath of territory along its southern border. Call it the Monroe Doctrine, Chinese style.

Ignored by successive U.S. administrations, China's rise in this region is now causing alarm in Washington, which is aggressively courting the countries of Southeast Asia. The Obama administration has cultivated closer ties with its old foe Vietnam. It has tried to open doors to Burma, also known as Myanmar, which U.S. officials believe is in danger of becoming a Chinese vassal state. Relations have been renewed with Laos, whose northern half is dominated by Chinese businesses. In a speech about U.S. policy in Asia on Oct. 28, before she embarked on her sixth trip to Asia in two years, Secretary of State Hillary Rodham Clinton used military terminology to refer to U.S. efforts: "forward-deployed diplomacy."

During a recent trip to Phnom Penh - the first of a U.S. secretary of state since 2002 - Clinton, while speaking to Cambodian students, was asked about Cambodia's ties to Beijing. "You don't want to get too dependent on any one country," she told them.

Still, China powers ahead.

China has concluded a free-trade deal with all 10 countries of the Association of Southeast Asian

Nations, while a similar U.S. pact is only in its infancy. It is cementing ties with Thailand - a U.S. ally - despite recent political unrest there.

In Cambodia, Chinese firms have turned mining and agricultural concessions in Monduliri province in the eastern part of the country into no-go zones for Cambodian police. Guards at the gates to two of them - a gold mine and a hemp plantation - shoo travelers away unless they are able to pay a toll. "It's like a country within a country," quipped Cambodia's minister of interior, Sar Kheng, at a law enforcement conference earlier this year, according to participants at the meeting.

China's real estate development firms have barged into Cambodia with all the ambition, bumptiousness and verve that American fruit and tire firms employed in Latin America or Africa in decades past. One company, Union Development Group, of Tianjin in northern China, won a 99-year concession for 120 square miles - twice the size of Washington - of beachfront property on the Gulf of Thailand. There Chinese work teams are cutting a road and mapping out plans for hotels, villas and golf courses. The estimated investment? \$3.8 billion. The target market? The nouveau riche from Beijing, Shanghai and Guangzhou.

Last month, China pledged to support the construction of a \$600 million stretch of railway between Phnom Penh and Vietnam that will bring China a major step closer to incorporating all of Southeast Asia, as far south as Singapore, into its rail network.

Across Cambodia, dozens of state-run Chinese companies are building eight hydropower dams, including the 246-megawatt behemoth on the Tatay River in Koh Kong. The total price tag for those dams will exceed \$1 billion. Altogether, Cambodia owes China \$4 billion, said Cheam Yeap, a member of the central committee of the ruling Cambodia People's Party.

"This takeover is inevitable," said Lak Chee Meng, the senior reporter on the Cambodia Sin Chew Daily, one of the country's four Chinese-language dailies, serving a population of 300,000 Chinese-speaking Khmer-Chinese and an additional quarter-million immigrants and businessmen from mainland China. "Cambodia is approaching China with open arms. It's how the United States took over its neighborhood. It's geopolitics."

The perennial question about China's rise is when will Beijing be able to translate its cash into power. In Cambodia, it already has.

Cambodia has avoided criticizing Beijing over the dams China is building along China's stretch of the Mekong River - installations that experts predict will upend the lives of millions of Cambodians who live off the fishing economy around the great inland waterway, Tonle Sap.

Cambodia so strictly follows Beijing's "one China" policy that it has refused Taiwan's request to open

up an economic office here despite the many millions of dollars' worth of Taiwanese investment in Cambodia.

China's heft was also clearly on display in December when Chinese and American diplomats went toe-to-toe over the fate of 20 Uighur Chinese who had fled to Cambodia and were seeking asylum. China said that some of the men, members of a Chinese Turkic minority, were wanted for having participated in anti-Han Chinese riots in Xinjiang in July 2009. The United States said don't send them back.

China threatened to cancel a trip by its vice president, Xi Jinping, who was coming to Cambodia with deals and loans worth \$1.2 billion in his briefcase. So Cambodia returned the Uighurs to China. Two days later Xi, who is on track to be China's next leader, arrived in Phnom Penh.

In April of this year, the U.S. State Department announced that to punish Cambodia, it was canceling a shipment of 200 U.S. surplus military trucks and trailers. Less than three weeks later, China donated 257 military trucks.

Cambodia has also followed China's lead when it comes to the South China Sea, a 1 million-square-mile waterway that China asserts belongs to Beijing. In July, Clinton, speaking in Hanoi, challenged China's claims to the open seas and advocated a multilateral approach to divvying up the fishing rights and offshore oil and gas that the sea is believed to contain. China opposes multilateral negotiations, preferring to divide and conquer with bilateral talks. Last month, Cambodia's prime minister, Hun Sen, backed China's approach.

China's one-upmanship with the United States continued earlier this month. A day after Clinton left Cambodia, Wu Bangguo, one of China's top Communist Party officials, arrived in Phnom Penh. During her visit, Clinton had raised the possibility that the United States might forgive a portion of Cambodia's debt to the United States; it owes \$445 million. Wu was more forthright. He struck \$4.5 million off Cambodia's tab; Chinese officials are considering forgiving an additional \$200 million.

### **Only a few obstacles**

China's road to domination here hasn't been without potholes. Vietnam, which ousted the Khmer Rouge regime in 1979 and installed Hun Sen, has woken up to the threat of increased Chinese influence and has directed Vietnamese state-owned companies to pour money into Cambodia. From \$28 million in 2008, Vietnamese investment jumped to \$268 million in 2009 and to \$1.2 billion this year, according to Cambodian government statistics.

The Vietnamese military runs Cambodia's No. 2 - and soon to be No. 1 - telecommunications company. Most government officials use its services because it gives them SIM cards loaded with free minutes.

But China is quick to counter Vietnam. Chinese and Cambodian officials this month signed a \$591 million loan package - Cambodia's biggest ever - from the Bank of China for Cambodia's other main telecommunications company. The only catch is that \$500 million was earmarked to buy Chinese equipment from the Chinese telecom giant Huawei.

Even Cambodia's ruler, Hun Sen, has sometimes chafed at the bearhug from Beijing. In December 2009, Chinese workers finished a massive \$30 million government building where the prime minister was supposed to house his offices. But Hun Sen didn't like the place, complained about its squat toilets and the fact that "it didn't even have a proper chandelier," according to a Western diplomat. There were also concerns that China had bugged the premises. So Hun Sen built new offices next door and opened both buildings last month.

### **Historical influence**

China has exercised imperial sway over Cambodia for centuries. Eight hundred years ago, Chinese troops bailed out Khmer kings; friendly Chinese warriors are carved on the side of the famed 12th-century Bayon temple near Angkor Wat. In the 1950s and 1960s, Communist China embraced the regime of King Norodom Sihanouk and provided the Khmer Rouge with inspiration, security and economic assistance throughout their bloody rule from 1975 to 1979. Sihanouk, now 88 and the king father, resides in Beijing.

Huo Zhaoguo, a Chinese manager of Union Development's massive project along the Cambodian coast, is typical of the new Chinese coming to this country. In the 1980s in Lanzhou in northwestern China, Huo struck it rich selling beans but then lost his fortune. He washed up in Cambodia in the 1990s, chasing a Vietnamese dealer who owed him money. Huo returned to Lanzhou penniless but couldn't stay. "I'd been rich there once and so everybody laughed at me," he said. "A man needs self-respect."

Huo moved back to Cambodia and opened a noodle stand. He moved up to a noodle restaurant and then met the boss of Union Development, who came to his shop searching for northern Chinese food. The boss gave Huo a chance at Union, and now Huo is overseeing road construction. Union got the land because it had the cash and the connections, Huo said.

"This country is too poor and the corruption is the same as China," he observed. "If you have power here, you have a great future."

"Cambodians feel no pressure to succeed. They even take weekends off. Not us," he said, with the air of colonial supremacy you hear from many Chinese in Cambodia. "We work."