Pariah or Partner?

Clarifying the U.S. Approach to Cambodia

By Gregory B. Poling, Charles Dunst, and Simon Tran Hudes

U.S. policy toward Cambodia is conflicted, contradictory, and unsustainable. Is Cambodia an authoritarian pariah to be punished until it undergoes systemic political change? Or is it a necessary partner on the front lines of great-power competition? The U.S. government has spent the last decade torn between righteous indignation over democratic backsliding and pragmatic engagement given U.S. interests in the region.

For a while, muddling through was understandable, maybe even wise. The United States only recently cemented a bipartisan consensus on the importance of the wider Indo-Pacific in strategic competition with China. And without that consensus, it was unclear how much Cambodia really mattered to U.S. national interests. Plus, authoritarian shifts under Prime Minister Hun Sen were initially tempered by political compromises. But now it is time to stop muddling. Cambodia sits in a neighborhood too important to ignore. If political change comes to the country, it will be generational and have little or nothing to do with foreign pressure. In the meantime, Washington should not embrace Hun Sen’s regime but should be more strategic in working with it.

Decade of Confusion

The U.S. approach to Cambodia was upended in 2013. In general elections that year, Hun Sen’s ruling Cambodian People’s Party (CPP) had its worst showing in 15 years. The opposition Cambodian National Rescue Party (CNRP) led by Kem Sokha and Sam Rainsy won 55 seats to the CPP’s 68. Both the opposition and outside observers like Human Rights Watch accused the government of electoral fraud. The CNRP members refused to take their seats in Parliament and launched a series of protests. Those quickly expanded to include protest of economic grievances, especially the poor conditions and low wages in the country’s important garment industry. The protests went on until early 2014, when the government cracked down hard, resulting in violence and several deaths. In the aftermath, the CNRP agreed to take up its seats in Parliament in exchange for important electoral reforms.

But in the years since, Cambodia has descended further into electoral authoritarianism, kleptocracy, and a growing political and economic dependency on China. Hun Sen’s regime never followed
through on the promised changes to the electoral system. Instead, it began a crackdown on political opposition, independent media, organized labor, and nongovernmental organizations (NGOs). In 2015, Sam Rainsy fled into exile after the courts unearthed long-dormant criminal charges of political defamation. Just two years later in 2017, the supreme court disbanded his party, the CNRP, stripping its parliamentarians of their seats. Kem Sokha and others who stayed were arrested and remain on trial. Cambodia has been a pseudo-democracy for the last five years.

The United States and Europe responded to this democratic freefall with harsh recriminations, sanctions on corrupt business elites, and restrictions on trade preferences. But instead of reform, Hun Sen felt compelled to deepen his political and economic reliance on China. Washington did not take much notice of how far Cambodia was sliding into the Chinese orbit until 2019, when U.S. officials saw a copy of an agreement allowing China to upgrade Cambodia’s Ream Naval Base in exchange for exclusive access to a portion of the facility. The U.S. response to these secret military dealings with Beijing was to reach for diplomatic condemnation and sanctions yet again, while simultaneously exploring greater diplomatic engagement. The contradictory policies may have slowed Chinese construction at Ream, but they certainly haven’t stopped it, as plans for the Chinese navy to use the strategically located base have gone ahead.

A policy tool kit heavy on sanctions has neither compelled change in Cambodia nor severed its growing partnership with China. About the only thing it has done is help sour Cambodian elites on the United States and Europe. The 2021 State of Southeast Asia survey from the Institute of Southeast Asian Studies found Cambodian political and business elites far more skeptical of U.S. power and influence in 2021 than in 2020. Covid-19, and the fact that nearly every vaccine distributed in Cambodia was manufactured in China, surely helped this shift. Those sentiments might not be shared by the wider Cambodian public, but they should still ring alarm bells.

If there is a silver lining, it is that Hun Sen’s overreliance on Beijing may be against his better instincts. The strongman has long prided himself on playing outside powers against each other for maximum benefit. And he gladly accepted an invitation to come to Washington for the U.S.-ASEAN (Association of Southeast Asian Nations) Special Summit in early May—and to be feted at the White House for the first time during his three decades in power—showing that he still craves a relationship. For Washington’s part, the summit was a deliberate signal that the Biden administration sees close cooperation with ASEAN as a critical component of its Indo-Pacific strategy. And that requires pragmatic cooperation with each member. For Cambodia, that means a more deliberate and less punitive U.S. approach, not only this year—while it chairs ASEAN—but for the foreseeable future.

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Ineffective and Counterproductive Sanctions Policy

Despite Cambodia being the target of over two dozen active U.S. sanctions, Washington’s sanctions policy has, by and large, failed to achieve concrete goals while potentially undermining the overall effectiveness of U.S. sanctions. To maintain an effective and credible sanctions regime, the United States must first clearly establish what it wishes to see changed in Cambodia as a result of sanctions.

The current slate of U.S. sanctions against Cambodia may reveal an underlying strategy. Of the 28 active sanctions on Cambodia listed by the Office of Foreign Assets Control within the U.S. Department of the
Treasury, 26 fall under a law called the Global Magnitsky Human Rights Accountability Act (GMA). This law allows the United States to place targeted sanctions on individuals and entities responsible for committing human rights violations or acts of corruption anywhere around the world. In the absence of a publicly available strategy or policy guidance, the nominal goal of U.S. sanctions in Cambodia seems to be preventing human rights violations and deterring corruption. On both these counts, the government has failed. Human Rights Watch has characterized human rights in Cambodia as having “reached a crisis.” Cambodia’s “Freedom in the World” ranking from Freedom House has dropped from 31 in 2017 down to 24 in 2022, losing ground in both political rights and civil liberties. Prime Minister Hun Sen has used Covid-19 as a pretext to crack down on political opposition, independent media, and civil society. Cambodia has enacted a de facto ban on free assembly and continues its prosecution of Kem Sokha, the co-leader of the now-dissolved opposition party. The government has increased online surveillance to monitor speech on the web, including with the planned launch of a “National Internet Gateway”: essentially, a government-controlled “kill switch” for the internet in Cambodia.

On corruption, Cambodia has fared similarly poorly. Transparency International ranks Cambodia 157th out of 180 countries. In 2020, 37 percent of people who used public services reported having to pay a bribe within the last 12 months. Corruption in Cambodia has also spilled across international borders, as highlighted by one of the more recent U.S. applications of GMA sanctions on Cambodia. In September 2020, the U.S. government issued sanctions against Union Development Group (UDG), a Chinese-owned business entity operating in Cambodia, accusing UDG of corruption and environmental harm. The United States alleges that UDG falsely registered itself as a Cambodian entity to receive rights to land in Botum Sakor National Park. Upon receiving those rights, UDG switched its registration, revealing itself as Chinese owned.

But beyond the technical details of the registration, the State Department released a statement highlighting its strategic concern about increased Chinese influence and military presence in the area. The State Department asserts that UDG is helping build a 3,400-meter airstrip large enough to host a variety of Chinese military aircraft in Dara Sakor, a coastal town strategically located on the Gulf of Thailand. Taken in context, this statement by the State Department reveals that the primary reason for this application of GMA was geostrategic in nature. The U.S. government’s references to UDG’s corruption in the text of the sanction were used more as a shoehorn to punish Cambodia for its strategic alignment with China, rather than a reflection of true U.S. concern about corruption in Cambodia—of which there are plentiful cases of greater impact to everyday Cambodians, especially in and around Sihanoukville, where locals have been displaced and Chinese-owned casinos and organized crime have moved in. This application of GMA violates the law’s statutory spirit and delegitimizes its use.

Some policymakers recognize that GMA sanctions on Cambodia are not a perfect application of the law, but they turn to them because they may wish to wait out Hun Sen and hope that whoever succeeds him will see the wisdom of cultivating a better relationship with the United States. Some pin their hopes...
on Hun Sen’s eldest son, Hun Manet, who is seen as potentially friendlier to U.S. interests. Hun Manet trained at the U.S. Military Academy at West Point, received a master’s degree in economics from New York University, has sought closer military cooperation with U.S. ally Thailand, and has already met with Japan’s new prime minister, Fumio Kishida. On the other hand, he has called members of the political opposition “extremist politicians,” saying that they have incited violence, discrimination, and hatred toward their own country. There is no guarantee that Hun Manet will be any better than his father on human rights and corruption. Furthermore, whether or not Hun Manet may have warmer personal feelings for the United States, China has much deeper economic and security ties with Cambodia, which will not be so easy to weaken. Last, Hun Sen is only 67 years old. Despite rumblings to the contrary, he is unlikely to step down from the top post anytime soon.

The United States must recognize that its power to influence change in Cambodia is limited. Sanctions can be a powerful tool to inflict financial pain on anybody doing business in U.S. dollars or through U.S. financial institutions. But U.S. economic integration with the Cambodian political elite—including Hun Sen—does not even approach the level of Cambodia’s ties with China. The nonstrategic use of sanctions then only pushes the Cambodian elite further into China’s embrace. Additionally, there is no viable political opposition to offer an alternative to the Hun Sen regime or highlight the Cambodian elite’s own culpability in whatever negative economic effects may come from U.S. sanctions.

For this reason, the United States should refrain from harmful broad-based sanctions aimed at regime change. While well-intentioned, legislative efforts like the Cambodia Trade Act—a bill introduced by Senators Ted Cruz and Chris Coons that seeks to review Cambodia’s continued eligibility for the Generalized System of Preferences (GSP), a preferential trading scheme for developing countries—would mostly hurt average Cambodians and likely fail to achieve democratic reform. The rift in the opposition has left Cambodia without a strong pro-democratic leader whom Cambodians could support. Broad sanctions would also hinder the ability of U.S. companies to invest and do business and could reverse the Cambodians people’s relatively positive view of the United States. Similarly, a promise by State Department spokesperson Ned Price in November of 2021 that the U.S. trade representative would review Cambodia’s GSP eligibility upon congressional renewal of the GSP is also misguided.

Washington’s limited leverage in Cambodia has rendered the current policy of targeted sanctions both ineffective and counterproductive. If GMA sanctions targeted at elites were going to achieve progress on human rights or corruption in Cambodia, success would have been apparent by now. Similar efforts to target political elites for undemocratic behavior, like the Cambodia Democracy Act of 2021, are ironically likely to hasten democratic regression. Targeted elites will run further into the embrace of their Chinese benefactors and, in so doing, adopt similar authoritarian tools, creating a vicious cycle of regression. This reaction by Cambodian elites is far from hypothetical; in fact, it is predictable, as evidenced by Cambodia’s planned adoption of the National Internet Gateway, the crackdown on Cambodian environmental and union protestors, and the continued persecution of the political opposition in the years since the current sanctions regime has been in place.

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Recommendations

Ultimately, Washington needs a future-focused approach to Cambodia. The existing policy—comprising sanctions and sparse engagement—will allow Hun Sen’s eventual exit to be followed by another form of autocracy, with either his son, Hun Manet, or Cambodia’s generals seizing upon the moment and Cambodian civil society’s inability to grab power for themselves. History indeed shows that democracy rarely follows the end of a hereditary autocracy. To help Cambodia break this mold, U.S. policymakers will have to take a creative and constructive approach to the country, and fast.

Focus on damage control at Dara Sakor and Ream. U.S. recriminations and sanctions over Chinese investments at the Dara Sakor airstrip and Ream Naval Base have had no discernible impact on either project. Dredgers have been hard at work deepening the harbor at Ream to prepare the port for use by the Chinese navy. With its current approach, the United States has been unable to prevent potential Chinese military access to either facility. Instead, Washington should focus on monitoring and publicizing the developments in the name of transparency—for both the Cambodian public and the country’s neighbors in Thailand and Vietnam, with whom Washington could use the specter of growing Chinese access next door to deepen relations. It should also continue to push Phnom Penh to make any Chinese access to Ream non-exclusive, and to quietly urge it not to allow the use of Dara Sakor for future Chinese military flights.

Consider engagement where sanctions have fallen short. The Global Magnitsky Act was never meant to alter the strategic behavior of states. Washington’s use of GMA as a back door to punish Phnom Penh for its strategic balancing toward Beijing has been ineffective and undermines the legitimacy of the tool. If the United States wants to prevent Cambodia from aligning with China, it should more vigorously pursue engagement across the public, private, and nonprofit sectors rather than levy sanctions targeted at an ill-defined handful of Cambodian political elites and Chinese state-owned companies. The United States has a robust array of tools to tackle corruption and human rights issues without needing to resort to sanctions. These tools include the International Labor Organization within the U.S. Department of Labor; the Bureau of Human Rights, Democracy, and Labor within the State Department; and one of the largest concentrations of U.S.-based NGOs in the world located in Cambodia. All of these organizations can and should be funded and mobilized toward this effort.

Invest in independent Khmer-language media. China already understands the importance of the media and has introduced Chinese viewpoints and practices to Cambodia’s journalists. But whereas pro-China and pro-Hun Sen media tend to rely on misrepresentations to spread “positive” news, independent Khmer media could report truthfully on the failures of both China and Hun Sen’s own government. The United States should therefore invest more in the Khmer-language capabilities of U.S. outfits like Radio Free Asia and the U.S. Agency for Global Media. It should also go further and support on-the-ground, independent Cambodian media. Independent Khmer-language media could also improve views of the United States—which are already quite high—by covering positive U.S. efforts in the country, which are currently buried by the existing Khmer-language media landscape. Some two-thirds of Cambodians are under 35 years old and thus do not remember the wartime era in which the United States was heavily involved and from which Hun Sen claims to have delivered Cambodia. This means that most Cambodians are less supportive of Hun Sen than in the past and would be receptive to independent reporting.

Expand and publicize U.S. aid to Cambodia. Such aid could boost Washington’s own credibility and expose Hun Sen’s lack thereof by filling in the gaps his government has left. Healthcare—particularly mental health—is one such avenue, given that most Cambodian youth are likely living with mental health issues.
Education is another area where targeted aid could do real good, given the government’s neglect. Such aid would also create a positive contrast between the United States and China. Indeed, while China is Cambodia’s biggest investor—and a major aid donor—Chinese funds tend to focus on projects that are staffed by Chinese workers and ultimately provide benefits only to Cambodian elites (Covid-19 vaccines being the major exception). While substantial Chinese funds enter Cambodia, almost none of them trickle down to the average Cambodian. Targeted U.S. aid would therefore expose not only Hun Sen’s poor governance and service delivery, but China’s role as well.

Expand civil society engagement beyond Phnom Penh. The capital city—brimming with democratic-minded young people and hip coffee shops—is something of a mirage. Some 85 percent of Cambodians are subsistence farmers. They are not the youth with whom aid organizations and visiting diplomats tend to speak in Phnom Penh. Indeed, the overwhelming majority of Cambodians live in the countryside and do not really understand democracy, instead having “a paternalistic view of the role of government,” as the Asia Foundation noted in a 2014 report. Little has changed for the good since then. Cambodia has become only less democratic over the last eight years. Outreach beyond Phnom Penh is therefore vital if the United States intends to foster a democratic culture in Cambodia over the long term.

Devote funds to dioxin and UXO remediation. Whereas Washington has done an admirable job in Vietnam (and even in Laos to some extent), offering vast sums of money and resources to account for the use of dioxin (in Agent Orange) and remaining unexploded ordinance (UXO), U.S. efforts in Cambodia pale in comparison. Washington has allocated some money to UXO removal in Cambodia but could do more. Meanwhile, Congress has allocated no funds to address the United States’ use of toxic defoliants like Agent Orange, from which an unknown but significant number of Cambodians still suffer today.¹

Negotiate a solution to Cambodia’s war debt using Vietnam as a blueprint. For decades, Washington has demanded that Cambodia pay a $700 million debt incurred by the U.S.-backed Lon Nol government, which fell in 1975 to the Khmer Rouge. That government has not existed in nearly 50 years; three separate Cambodian regimes—the Khmer Rouge, the People’s Republic of Kampuchea, and the modern-day Kingdom of Cambodia—have ruled Phnom Penh since. It is unreasonable to expect the existing Cambodian government to pay back this debt that it did not incur. Instead, Washington should work with Phnom Penh to convert the debt into education funds, as was done with some of Vietnam’s war debt.² Turning the debt into scholarship funds for Cambodian students to study in the United States would, in the end, both benefit the Cambodian people and pay dividends into the U.S. economy.

Make green energy and infrastructure a priority. In Cambodia as in the wider region, the best way for the United States and like-minded partners to compete with China is to prove that Beijing isn’t the only option to deliver public goods. Energy infrastructure is a primary means of doing that in Cambodia. The country has the highest potential for solar power in mainland Southeast Asia, and there is a pressing need to divert it from plans to build the Sekong A dam, which would block the last major free-flowing tributary of the Mekong. To that end, Washington should make sure that some focus of the multiple green-energy financing efforts—through U.S.-Japan cooperation, the Quad, and the Asian Development Bank—goes toward Cambodia. ■


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