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With Compliments

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Abstract

In the past 60 years, Cambodia-US relations were mixed. However, the ties have been broadened and deepened in several fields in the past two years. This paper seeks to assess the bilateral relations from June 2009 and November 2010, and to recommend policies contributing to development of Cambodia and achieving US quadrennial policy of development, diplomacy and defense. By examining recent key development in the bilateral relations, the paper analyzes events based on development-diplomacy-defense paradigm.

The arrival of Obama administration reinvigorates US policy of re-engagement in Southeast Asia. While deepening its partnership with several ASEAN members, the United States cannot afford to ignore Cambodia. The renewed interest of the US presents a chance for Cambodia to strengthen the bilateral partnership. The US attempts to realize its diplomatic and strategic objectives by elevating development cooperation to reinforce and complement diplomacy and defense. Although recent events in the bilateral relations serve US diplomacy and defense, they largely contribute to development of Cambodia in terms of economic growth, good governance and sound investment in people, thus contributing to enhancing human security both in Cambodia and in the region.

The findings of this paper contribute to assessing the recent bilateral relations and identifying ways to sustain the momentum of warmer and closer partnership and to establish sustainable engagement between the two nations. Due to limited resources, this paper leaves
views of development workers at operational level for future research. Impacts of US assistances upon Cambodia’s development on the ground should be examined, bearing in mind that Cambodia has several development partners.

I. Introduction

Although Cambodia and the United States (US) experiences have been mixed in the past 60 years, several recent events in the last two years signify improved relations. They include deletion of Cambodia from trade ban list, joint military exercises and visit of Secretary Clinton to Cambodia. However, certain disagreements are still identified: Cambodia’s deportation of Muslim Uighur asylum seekers to China and Cambodia’s repayment of 445- million-dollar debt, incurred by a US-backed administration coming to power in March 1970 through a coup.

Objective

The purpose of this paper is to assess bilateral relations between the two countries and to recommend policies contributing to development of Cambodia and achieving US quadrennial policy of development, diplomacy and defense. To this end, the paper will examine US goals in the bilateral relations; Cambodia goals in the bilateral relations; and US- Cambodia recent development in terms of trade, military cooperation and development aids.

Rationales

This topic is of importance for two reasons. First, Obama administration is implementing policy of re-engagement in Southeast Asia neglected by Bush administration. This reinvigoration is manifested by US presence in major ASEAN-related meetings, particularly the 2nd US-ASEAN Leaders’ Meeting 24 September 2010 in New York institutionalizing the US-ASEAN partnership seeking to promote regional security and trade. Second, the negligence of Bush’s
administration has enabled China to exercise its ‘charm offensive’ to influence this region, particularly Cambodia. Thus, the US needs to re-balance its power in this fast growing region.

**Methodologies**

This paper examines key recent development in Cambodia-US bilateral relations. Then, it will analyze the events based on development-diplomacy-defense paradigm. Data expressed in this paper derives from review of existing literatures and news articles.

The temporal boundary of the case is from June 2009 to November 2010. The paper starts with US decision to remove Cambodia from its trade black list. It wraps up with the visit of the US Secretary of State Hillary Clinton to Cambodia.

**II. Literature Review**

In their introductory lecture on a model of development assistance, Louis Hoffman and Bill Hyde traced development program to Marshall Plan initiated by the United States following the end of the Second World War. The plan sought to rebuild and reconstruct a stronger economic foundation of Western European countries. The goals of development program include, among others, economic and political interests, poverty reduction, democracy and rule of law, improvement of quality of life, humanitarian actions, and food security.

Hoffman and Hyde emphasized that two tools are often used to measure level of development. The first one is Human Development Index (HDI), primarily employed by the United Nations Development Programs, measuring three dimensions: health, education and economic growth. In other words, HDI examines life expectancy at birth, adult literacy and enrolment, and Gross Domestic Product (GDP) per capita. The second tool is Millennium Development Goals (MDGs). They are comprised of eight goals, entailed with twenty one
targets and sixty indicators. Finally, Hoffman and Hyde classified forms of aid as bilateral assistance, in-kind assistance, money (loan and grant), private investment, transfer of knowledge, skills, technology and talents, and remittances.

In 1994, the United Nations Development Program (UNDP) published a Human Development Report, introducing a new concept of security to make the world peaceful. The report underlined the need for shifting from territorial security to human security. The latter is defined as security for individuals and communities rather than states or borders. It addresses freedom from fear and freedom from want. The security is internationally interrelated as a result of globalized community. According to the UNDP, there are seven elements of human security. They include economic security, food security, health security, environment security, personal security, community security and political security. (Beebe and Kaldo, 2010)

According to the 1994 Human Development Report, human security requires positive relations among states. This refers to development cooperation. The report also highlights four principles of development cooperation. They include partnership, not charity; cooperation, not confrontation; equitable sharing of market opportunity, not protectionism; and far-sighted internationalism, not stubborn nationalism. The report outlines framework of development cooperation. Three important elements under the said framework are worth being mentioned. Firstly, foreign assistance should be linked to commonly agreed objectives seeking to reduce poverty, to generate employment and to promote sustainable development. Secondly, proportion of the aid should create social safety net by focusing on basic human development priorities such as education and health. Finally, the concept of development cooperation should be expanded. It should not only refer to aid but also cover trade, investment, technology, and flow of labor.
The official development assistance of the United States (US) is defined as US aid that “the government provides to US Agency for International Development (USAID), Peace Corps, multilateral institutions, and certain programs sponsored by the State Department and Department of Defense.” The amount does not however incorporate funding whose sources come from “foundations, corporations, private and voluntary organizations, colleges and universities, religious organizations, and individuals.” The US foreign assistance is classified into three. The first category is humanitarian relief, which includes ‘immunization campaigns, feeding programs, and public health emergency measures.” The second type is security assistance provided to countries where the United States possesses ‘strategic interests’, namely anti-communism, anti-terrorism, peacekeeping, military base, and control of nuclear weapons and narcotics. The third one is economic development. It is assumed that foreign assistance could help alleviate poverty through sustained economic policies and equal distribution of the economic wealth. (US Agency for International Development, 2002)

In July 2009, US Secretary of State Hillary Clinton launched the first Quadrennial Diplomacy and Development Review, which makes diplomacy and development coordinated, complementary and mutually reinforcing. This new policy, which elevates diplomacy and development alongside defense, reflects a ‘smart power’ approach to resolving global problems (Clinton, November 2010). In September 2010, US president Barrack Obama endorsed a Presidential Policy Directives on Global Development, recognizing that development is critical to American national security. It stresses that development is a ‘strategic, economic and moral imperative for the US’. This document reaffirms that development, diplomacy, and defense are mutually reinforced and complement one another (The White House, September 2010).
III. Cambodia-US Bilateral Relations

Background

Commencing in 1955, diplomatic relations between Cambodia and the United States were interrupted on several occasions as a result of leadership and contextual shifts. The ties were severed in the early 1960s, yet resumed following the formation of the Khmer Republic, US-backed administration led by Lon Nol, in March 1970. However, the friendship was deteriorated again in 1975 when the Khmer Rouge regime took power. Following the Paris Peace Agreement signed by the four factional groups of Cambodia in 1991, a mission of the United States was reopened. Although the full diplomatic relations began in September 1993, all US assistances provided to Cambodia was primarily funneled through non-government organizations. However, the United States decided to remove its legislative ban on bilateral assistance to the Cambodian government in 2007. (US Department of State, 2010)

US Interests in the Bilateral Relations

Despite its small size, Cambodia is strategically important to the US. The interests include counter-terrorism, promotion of democracy, respect for human rights, facilitation of trade, control of spread of infectious diseases, anti-human trafficking measures, development of civil society, and better fiscal policies. In addition, oil resources and growing influence of China push the United States to engage with this country (Lum, July 2007).

Domestic debates inside the United States result in two main views. On the one hand, it calls for restricted US support for Cambodian development and bilateral trade in order to push the current Cambodian government to guarantee civil and political liberty. On the other hand, it demands greater US engagement through aid, trade, diplomacy and educational exchange in
order not only to achieve US interests and values but also to counterbalance China’s influence in Southeast Asia. (Lum, July 2007)

Cambodian Interests in the Bilateral Relations

Cambodia’s priority in the bilateral relation is to promote the country’s development and to alleviate poverty through US aids, bilateral trade, counter-terrorism, anti-trafficking, human rights and democracy. (Men, July 2010)

Recent Developments from June 2009 to November 2010

In June 2009, Cambodia was removed from trade blacklist of the United States. The lifted ban allows US firms to seek “working capital guarantees, export credit insurance and loan guarantees” from the Export-Import Bank of the United States for their commercial transactions in Cambodia. Obama administration stated that this Southeast Asian country demonstrated its firm commitment to free markets and liberal investment laws. (McCartan, June 2009)

In July 2009, the United States initiated a new cooperative mechanism, Lower Mekong Initiative (LMI), with a view to strengthening cooperation in the fields of environment, health, education and infrastructure. Under the LMI, the United States committed approximately 187 million US dollar to support various programs pertaining to the said sectors in Cambodia, Laos, Thailand and Vietnam. On climate change, the US will provide three-year support of about 22 million US dollar to the four members in order to devise measures to address impact of the climate change on water sources and food security. On health, the United States makes a commitment of over 147 million US dollar to fund ‘Emerging Pandemic Threats Program’ involving early identification and response to animals-related health threats. The United States will also continue financing HIV/AIDS prevention and care programs to the Mekong region. Concerning the educational sector, the United States will offer aid of 18 million US dollar to
increase poor people’s access to internet and to promote educational and academic opportunities to come to the US among professionals in the region. (Lower Mekong Initiative, August 2010)

In October 2009, following President Obama’s removal of Cambodia from Marxist-Leninist economy status, the Export-Import Bank of the United States publicly offered fund for the purchase of US exports for private-sector buyers in Cambodia. The repayment can be made up to seven years.

In December 2009, the United States expressed its disappointment with Cambodia’s involuntary return of 20 Uighur asylum seekers back to China at the request of Beijing. The United States accused Cambodia of failing to take into account the individuals’ welfare under international law and of violating international obligations. The United States also warned Cambodia’s move would impact the bilateral relations (Embassy of the United States, December 2009).

In April 2010, the United States decided to halt shipment of 200 military trucks and trailers to Cambodia in retaliation for the latter’s action over the Uighur case. Two days later, China however provided Cambodia with military aid of about 850 million US dollar (Quinn, April 2010).

In July 2010, Cambodia and the United States co-hosted the first large scale multinational peacekeeping exercise, known as Angkor Sentinel 10, under US-initiated Global Peacekeeping Operations Initiative (GPOI). Joined by 26 countries, this training sought to strengthen on developing nations’ capabilities in peacekeeping operations focusing on insurgency, terrorism, crime and ethnic conflict. (Embassy of the United States, July 2010).

In September 2010, new 49 Peace Corps volunteers of the United States, constituting the biggest group of American Peace Corps to serve in Cambodia, sworn in to mark their assumed
services. Committed to promote better understanding between people of the United States and those of host country, the Peace Corps volunteers live with Cambodian families, learn Cambodian language and adapt to Cambodian culture. Since April 2007, Cambodia has hosted 81 volunteers of Peace Corps. (Peace Corps, September 2010)

In late September 2010, a congressional hearing on Cambodia’s debt to the United States was held. Cambodia has proposed the United States to cancel the outstanding debt of 445 million dollar or to convert it into development projects on the ground the money was spent to fuel civil conflicts in Cambodia. The debt is the legacy of the US-backed administration coming to power by a coup in March 1970 but toppled by the Khmer Rouge regime in April 1975. Speaking to the congress, the State Department’s senior official insists that Cambodia has to pay some of amount before the US is able to consider forgiveness (Men, October 2010).

Also in this September 2010, the United States and Cambodia inked amendment to their bilateral cooperation agreement to incorporate food security and climate change initiatives. This reaffirms US commitment to economic development in Cambodia. Under the new agreement, the US provides Cambodia with 16.44 million US dollar while Cambodian government contributes 425,000 US dollar of in-kind support. To elevate Cambodia’s economic growth, the United States has funded several programs in health, education, human rights, rule of law, anti-corruption and anti-smuggling of people. In 2010, the United States is said to commit aid of 69 million US dollar to Cambodia. (Embassy of the United States, September 2010)

On November 01, US Secretary of State Hillary Clinton paid an official visit to Cambodia where she met Cambodian leaders, opposition leaders and youth. While vowing to broaden and deepen the bilateral cooperation, Secretary Clinton set new prospect for resolving the debt of 445 million US dollar, which is the legacy of the illegitimate government backed by
the United States in the 1970s. Furthermore, she urged Cambodia to avoid over-dependency on China. (Town Hall with Cambodian Youth, November 2010)

IV. Analysis

In the past 60 years, Cambodia-US experiences have been mixed. However, recent events in June 2009 to November 2010 signified closer and warmer approach taken by both sides. Therefore, this paper will examine the recent development in the bilateral relations, taking into account three paradigms: development, diplomacy and defense.

Cambodia removed from status of ‘Marxist-Leninist’ country

Cambodia was designated as ‘Marxist-Leninist’ country by US government as a result of the Vietnam War and the Cold War. This designation prevented Export-Import Bank of the United States from providing US firms with capital and loan guarantees to do business in this Southeast Asian country. In June 2009, President Obama announced that Cambodia deserved the removal because of its demonstrated commitment to free market and liberal economy.

The lifting paved the way for Cambodia’s development through trade and investment by US firms interested in Cambodian markets. Financial access is critical in starting or expanding their operation in Cambodia. Thus, this move was a new milestone in the bilateral ties. In 2006, the two countries inked a bilateral Trade and Investment Framework Agreement (TIFA) in order to promote bilateral trade. In 2007, US congressional ban on direct assistance to the Cambodian government, which was imposed in the wake of Cambodia’s factional fighting in July 1997, was also deleted. These decisions are line with development cooperation framework underlined in the 1994 Human Security report in 1994. It emphasizes that development cooperation should focus on not only aid but also trade and investment. Furthermore, the United States’ lifting is
consistent with Presidential Policy Directives on Development of President Obama, emphasizing that development assistance must be coordinated with trade, finance, investment credits and other economic policies (Clinton, November 2010).

The improvement would not only help Cambodian economy grow but also bring about stronger regional integration and Asia Pacific community (Chheang, July 2009). As a member of Association of Southeast Asia Nations (ASEAN), Cambodia needs to grow economically to catch up with other ASEAN members and contribute to realize the building of ASEAN Community in 2015. The full integration will allow not only this nation to benefit from the community but also the entire region to enjoy prosperity and security.

While the lifting contributes to promoting development in Cambodia, this decision was also seen as a measure to advance US diplomacy in Southeast Asia. China has approached this bloc diplomatically and commercially since the late 1990s. Chinese investments and aids have been featured in both local and international news. Particularly, Chinese assistance, which primarily funds physical infrastructures, is more visible among the locals (McCartan, June 2009). In Cambodia, Prime Minister Hun Sen often hailed China for its ‘unselfish and unconditional’ assistance to four major priority areas of Cambodia’s development: water, road, electricity and human resources (Hun Sen praises, January 2010). Therefore, US government’s move is seen to counterbalance of China’s growing influence in the Southeast Asian region, particularly Cambodia.

Following the removal fifteen months ago, it is worth to examine effect of the decision upon Cambodian economy. Despite divergent views, Cambodian government official, independent economist and businessman agree on one thing that the lifting has not yielded any concrete benefits to Cambodia. In an interview with a local English newspaper, Cambodian
commerce ministry’s senior official claimed that nothing has taken place remarkably after the removal. However, an independent Cambodian economist noted future potential gains although short term impact has not been visible yet. The deletion would not only build American investors’ confidence but also lure other US-based companies to come and invest in this country in the near future. Calling President Obama’s decision as an “overdue legislative action”, President of American Chamber of Commerce in Phnom Penh suggested global financial crisis prevented US firms from trading and investing in Cambodia. (May, September 2010)

Lower Mekong Initiative

The Lower Mekong Initiative created by the United States in July 2009 aims to help manage priceless natural resources and to promote regional cooperation protecting environment in four nations situated in the lower Mekong River: Cambodia, Laos, Thailand and Vietnam. Under this initiative, the US committed approximately 187 million US dollar to support various projects in four major sectors: environment, health, education and infrastructure.

The said cooperation will contribute to Cambodia’s human security through economic growth and development. Currently, the Mekong River is facing lower level of water, which results from climate change and carbon emission (Miller and Cheng, November 2010). The waterway of the Mekong River is beneficial to Cambodia in terms of food, transport, drinking water and irrigation. Therefore, since Cambodia’s economy is largely dependent on agriculture, this initiative will help Cambodia address water resources and food security.

On health, this initiative will help Cambodia address two major problems: animal-related health threats, and HIV/AIDS prevention and care programs. The livestock, which contributed 14 percent to Cambodia’s agricultural economy, is one of the potential and priorities for future
development of Cambodia (Ear, August 2005). HIV/AIDS prevalence in Cambodia has declined in recent years. The infection rates were 0.9 percent and 0.7 percent in 2006 and 2008 respectively. Cambodia expects to reduce the prevalence to 0.6 percent in 2010 (Cambodia Expects to Nail HIV/AIDS, April 2009). Currently, Cambodia has a population of approximately 14 million (HIV/AIDS Health Profile, September 2008). Reduced infection rate will allow Cambodia to ensure active labor forces and save national budget for other development efforts.

Education is even important for Cambodia’s development. This initiative will help increase poor people’s access to internet and promote educational and academic opportunities to the US among Cambodian students and professionals. Access to information and educational opportunity will enhance not only future leaders’ potentials but also regional peace and prosperity.

While the LMI largely contributes to the development of Cambodia, it also helps the United States to advance its diplomatic and strategic interests in this region. As underlined earlier, the Mekong River is currently facing a lower level of water. Some lower Mekong nations attributed the current water level to China’s dam constructions without consultation with all stakeholders (Roughneen, August 2010). The dams in Yunnan and Guangxi provinces of China could block sufficient water flowing to downstream countries during the dry season. Thus, this distrust and enmity provides the United States with a strategic theater to contain China’s growing influence. In addition, the LMI serves as a forum where the United States can restore its image. The United States left undesirable legacy in Indochina where it bombarded during the Vietnam War (McCartan, March 2010).

The US engagement in the lower Mekong seems to yield a concrete result when the Beijing eventually decided to share data of dam construction after years of insistence of countries
in the lower Mekong on China’s dams on the upper Mekong (China Succumbs to Mekong Nations, August 2010). This marked China’s shifted policy to consultative and coordinated approach to managing resources in the Mekong River. Therefore, the US-launched cooperative agreement not only enhances the US interests in containing China’s influence but also push China to take into consideration all stakeholders’ concerns.

Although US-led initiative offers great potentials to help development in the lower Mekong nations, an expert on Mekong River Richard Cronin, head of the Southeast Asia program at the Stimson Center in Washington DC, highlighted some limitations. First, this initiative is under Bureau of East Asian and Pacific Affairs, which does not have enough staff and funding to achieve the objectives. This bureau is not supported by many programs and funds. Second, some of the initiative’s objectives, particularly education and capacity building are being covered by many other departments and agencies. Therefore, coordination and effectiveness remain a question. Finally, the United States does not currently fund infrastructure projects, and it will not be likely to do so in the future. (Cronin, September 2010)

Cambodia’s deportation of Uighur asylum seekers

In July 2009, unrests in Urumqi capital of Xinjiang in China prompted the Chinese government to suppress violence-turned demonstrations of the Uighur, who is a Turkic-Muslim minority in Western China. This group was allegedly a separatist movement attempting to conduct terrorist acts in Xinjiang province. The authority’s campaign resulted in some of the Uighur fleeing to Cambodia in late October and early November. These twenty people were granted ‘Persons of Concern’ and settled in a shelter jointly run by the United Nations High
Commissioner for Refugees (UNHCR) and the Cambodian government. However, they were deported from Cambodia on December 19, 2009. (Human Rights Watch, December 2009)

The Cambodian government defended its decision on the ground that the 22 Uighur asylum seekers were illegal immigrants under Cambodian laws. It also put blame on the UNHCR for failing to determine their status. The government also argued that the UNHCR should have done in a transparent and expeditious manner in order to protect the asylum seekers. (Faleomavaega, October 2010)

Upon the deportation, the US strongly protested Cambodia’s decision by alleging Cambodia of failing to consider the Uighur’s welfare and of violating international obligations. The US also warned negative impact upon the bilateral relations. Four months later, the US consequently decided to halt the shipment of 200 military trucks and trailers to Cambodia. (Quinn, April 2010).

US reaction is seen to push for respect for universal human rights, which is core to US foreign policy. Protection of asylum seekers’ rights is both moral and legal imperative for all governments, including the Phnom Penh. US government was concerned over the fate of the deportees when they arrive in China where human rights abuses are critical. Its reaction was a negative reinforcement to a country neglecting the call of the United States and failing to take into account the Uighur’s welfare. The US made it clear that its decision to suspend military assistance resulted from Cambodia’s decision to expel the twenty Uighur. The United States move seeks to encourage Cambodia to comply with international laws protecting the rights of asylum seekers.

On diplomatic front, US reaction is a negative reinforcement to challenge a country where China’s influence is firm. In his article, Andrew Quinn (April, 2010) reported that
Cambodia’s deportation of Uighur reflected ‘its growing economic and diplomatic links with China’. Two days following Cambodia’s deportation of the asylum seekers, China provided Cambodia with a loan of 1.2 billion US dollars. In reaction, the United States decided to halt its military assistance to Cambodia. Thus, tougher reaction of the United States against Cambodia was prompted by China’s soft power in Cambodia. However, these tougher punishments were not somehow effective. Following US suspension of the military aid, Cambodia received 257 military trucks from China a month later (Chen, October 2010)

**Multinational Peacekeeping Exercises**

Following the strained relation over the Uighur asylum seekers, the two countries still had a chance to expand their partnership through a large-scale multinational peacekeeping exercise, known as Angkor Sentinel 10, hosted by Cambodia with the support of US government in July 2010. Under Global Peacekeeping Operations Initiative, this military training was attended by about 1,000 troops from 26 nations focusing on insurgency, terrorism, crimes and ethnic conflict.

This drill is of critical importance for Cambodia because it contributed to strengthening Cambodian military forces’ capability in international peacekeeping. Cambodia, which was once a recipient of UN peacekeepers from 1991 to 1993, has now become a contributor of UN peacekeeping troops in Sudan, Chad, Central Africa and Lebanon. The Cambodian troops under the UN mission contribute not only to peace and security abroad, but also to development at home. Their remittances could help improve their family’s financial status. As a result, they contribute to poverty reduction in Cambodia.
Some critics accused the United States of failing to promote human rights by providing military aid to the Cambodian troops allegedly abusing their power, and urged US government to halt the assistance in order to pressure the Cambodian government to punish violators (McCoy, July 2010). However, Under-Secretary of State William Burns dismissed the allegation, claiming that the military support is in line with relevant US laws and all trainees are properly selected. This statement reflected overture after the US condemned Cambodia’s deportation of Uighur asylum seekers in December 2009. To further deepen the military cooperation, hundreds of US and Cambodian sailors conducted a joint maritime security exercise, known as “Cooperation Afloat Readiness and Training Cambodia 2010”, in October 2010.

US decision to enhance military cooperation with Cambodia could help promote not only bilateral relations but also US security interests. The security relation is improved as a result of arrested high-prolife terrorists crossing Cambodia (McCoy, July 2010). Cambodia is considered one of US allies in combating international terrorism and permitted operation of US Federal Bureau of Investigation (FBI) representatives inside US Embassy in Phnom Penh (Sok, April 2010).

The multinational military exercise is also seen as US strategic re-engagement with Cambodia, which is believed to counterbalance China’s strong influence. Thus, this policy could be construed as either compete or contain China’s influence. The competition between the United States and China in the field of military cooperation is clear. In retaliation to Cambodia’s deportation of ethnic Uighur people to China in December 2010, the United States halted its military assistance to this Southeast Asian nation in April 2010. In contrast, China pledged 14 million US dollar worth of military support to Cambodia in May 2010. Then, the Chinese aid covering ‘256 military vehicles and 50,000 military uniforms’ was sent to Cambodia in June
In addition, several Chinese-made small arms including rifles were also donated to Cambodia in recent years (McCoy, July 2010). In this regard, the Chinese moves were more likely to push US policymakers to improve relations with Cambodia. Therefore, the United States conducted two consecutive military exercises with Cambodia in July and October 2010 with a view to improving the military partnership.

**Presence of US Peace Corps in Cambodia**

Created in 1960, Peace Corps, an independent US government agency, provides volunteers to countries requesting assistance around the world with a view to promoting peace and friendship. Peace Corps volunteers serve in developing countries, focusing on six main sectors, namely education, health, business and information technology, environment, agriculture, and youth and community development. (Fact Sheet, October 2010)

Following the genocidal regime of Khmer Rouge which slaughtered educated workforce and destroyed infrastructure, Cambodia is in dire need for trained and educated population. Most Cambodian people tend to focus on English language skills to improve their lives. US Secretary of State Hillary Clinton noted that English is crucial for connecting to global economy (Remark, November 2010). As a result, the first group of the Peace Corps volunteers arrived in Cambodia in April 2007 where they helped train English language skills in seven provinces of Cambodia. At Cambodia’s request, a new batch of health education professionals recently started their services in health center, capacity building, nutrition education, HIV prevention, child survival, and hygiene and sanitation education (Cambodia, September 2008). As of September 2010, Cambodia has received 81 volunteers of Peace Corps (Peace Corps, September 2010).
On development, Cambodian communities hugely benefit from the volunteers’ educational and health-related services, thus greatly contributing to the rural development. The local also benefits from new perspectives on community development from the volunteers. In addition, this educational and cultural approach promotes people-to-people exchange, thus contributing to mutual understanding and tolerance between the people of Cambodia and those of the United States. The volunteers’ home stay with local families also contributes to community’s income generation. This helps alleviate the community’s poverty.

On diplomacy and defense, it is a way that American interests and values such as democracy and human rights can be advanced in Cambodian communities. However, some challenges might be posed as a result of some local leaders, who may not like the new ideology. Moreover, the program can be regarded as a tool for influence. Through communication and integration, the volunteers can help assess Cambodian situation in terms of security risk and vulnerability. Furthermore, the Peace Corps is one of the US agencies helping to build a global civilian service of the US Department of State as underlined in the Quadrennial Diplomacy and Development Review, which defines how to make diplomacy and development coordinated, complementary and mutually reinforcing (Clinton, November 2010).

Cambodia’s debt to the US

An outstanding $445-million debt is a legacy of Lon Nol’s US-backed government coming to power by a coup in March 1970 but ousted by the Khmer Rouge in April 1975. The principal was about $300 million, but the current amount reached about $ 445 million as a result of three percent interest rate. Calling it ‘dirty debt’ fueling the civil conflicts, the current
Cambodian government has sought debt cancellation because of challenges and constraints resulting from global economic and food crisis. (Men, September 2010)

In an attempt to resolve this issue, the United States suggested some repayments be made before US government is able to consider forgiveness. Therefore, the United States wanted Cambodia to sign a bilateral agreement, establishing a track record for timely payment (Jun, September 2010). However, Cambodia finds this proposal unacceptable (Men, October 2010).

In light of Cambodia’s historical context, Eni Faleomavaega, Democrat Senator from American Samoa, advocated that the United States should forgive Cambodia’s small debt in order to enhance greater engagement with Cambodia and to promote US foreign policy in the region. He also argued that the US had cancelled larger debts owed by Iraq and Vietnam. (Men, October 2010)

Earnest Bower (July 2010), Southeast Asia expert at Center for Strategic and International Studies in Washington DC, urged the United States to consider this case from a strategic term. He asserted, “By enforcing Paris Club agreements and forcing Cambodia to pay the debt, the United States may find itself encircling its interests in the Cambodia with a thin line of consecrated sand—a line that is already being trampled by other partners who see the country in a strategic context.”

The visit of US Secretary of State Hillary Clinton to Cambodia in November 2010 set a new prospect for the debt resettlement. Secretary Clinton made it clearer that a group of US experts will meet Cambodian counterparts to seek approaches to resolving it. She also hinted that the money might be reinvested in Cambodia’s education or environment. (Clinton, November 2010)
Successful settlement of the debt would benefit Cambodia’s development hugely. It is clear that more needs to be done in term of development although Cambodia has achieved economic growth and substantial poverty reduction in the past decade. In 2010, Cambodia received foreign donors’ pledge of 1.1 billion US dollar to finance Cambodia’s development projects in health, education, infrastructure, judicial reform, good governance and others (Carmichael and Kuroki, June 2010). Therefore, either debt cancellation or the conversion into aid could help to further fund Cambodia’s development projects. At the Summit on Millennium Development Goals in September 2010, Cambodian foreign minister made it clear that debt is an obstacle for development of the Least Developed Countries (LDCs) because repayments will undermine their efforts to expand development projects (Hor, September 2010).

This flexibility represents a new tone of diplomatic reengagement of the United States with Cambodia. This new move can be seen to counterbalance China’s influence in this Southeast Asian nation. During the said visit, Secretary Clinton also urged Cambodia to avoid over-dependence on China (Town Hall with Cambodian Youth, November 2010). Therefore, the debt issue could serve as strategic theater for the US to further advance its interests and to counterbalance China’s influence in Cambodia. Furthermore, either cancellation or conversion of debt could help restore American image in Cambodia because the United States bombarded this Southeast Asian nation with about 2.7 million ton of ordnance at a cost of 7 billion US dollar in the 1970s (Miller, October 2010).

**US Assistance to Cambodia**

Cambodia received development aid of nearly 62 million dollar from the US in 2009 and expects to receive about 69 million dollar in 2010. Cambodia has become the fourth largest
recipient of US assistance to Southeast Asia, following Indonesia, the Philippines and Vietnam (US Department of State, 2010 and Embassy of the United States, September 2010). US assistance to Cambodia could be classified under two broad types: economic development and security assistance. The first type is managed by US Agency for International Development (USAID).

In Cambodia, the USAID has implemented three main programs: ‘governing justly and democratically’, ‘investing in people’, and ‘economic growth’ (Cambodia, September 2010). The first program seeks ‘to combat corruption, improve the legal system, strengthen key political and civil liberties, and protect human rights’. The second program attempts to address maternal mortality, child mortality, malnutrition, HIV/AIDS, tuberculosis, malaria, and education. The third program aims to improve investment environment and enhance the competitiveness of small and medium-sized enterprises. To sum up, US aids seek to enhance human security, contributing to promotion of peace and stability both in Cambodia and in the region. Several success stories of US aids in Cambodia were also documented by the USAID (Success Story, June 2008). Examples include provision of HIV/AIDS care and support, empowerment of housewives, improvement of children’s nutrition, and development of agricultural community.

Cambodia is selected to participate in ‘Feed the Future Initiative’ and the ‘Global Climate Change Initiative’ (Cambodia, September 2010). These two initiatives are very beneficial to the development of Cambodia. On the one hand, eighty percent of Cambodian population works in agricultural sector (Hor, September 2010). Thus, the first initiative will not only increase agricultural productive but also enhance availability of nutritious food across the country. On the other hand, Cambodia having an agrarian economy will suffer much from the climate change, which often brings about more frequency of flood and drought (Hor, September 2010).
Therefore, the second initiative will help address the potential environmental impacts on Cambodian people living in rural areas where they primarily rely upon agriculture.

The second type of US aids to Cambodia is security assistance. Since 2006, Cambodia has received about 4.5 million US dollar worth of military equipment and technical assistance through Foreign Military Financing (FMF) program. The FMF program seeks to equip and train coalition partners and friendly governments to work toward common security goals and share burden in joint missions such as counterterrorism and anti-trafficking in narcotics, weapons and persons (Foreign Military Financing, 2007). In September 2009, the United States provided Cambodia with military equipment worth of about 6.5 million US dollar under the FMF program (US Donates Military Equipment, September 2009)

One might ask why US foreign policy needs to focus on development overseas while it is facing economic challenges at home. Current global problems namely terrorism, poverty, climate change and poverty present security threat to the United States at home. US development assistance has moral, strategic and economic imperatives. The assistance enables poor countries to resolve poverty and to build democratic institutions. The rise of those nations allows them to help address regional and global problems. As a result, successful overseas development will enhance American stability and prosperity. (Clinton, November 2010).

In the context of Cambodia, US assistance will allow this country to promote economic growth and to build democratic institutions, thus contributing to poverty alleviation and human security. While contributing to the development of Cambodia, the aid also advances US interests such as counter-terrorism, anti-transnational crimes, promotion of democracy and respect for human rights, good governance, oil resources and counterbalancing of Chinese influence in Cambodia.
Cambodia’s Development Progress

Due to its sound policies supported by foreign donors including the United States, Cambodia has achieved remarkable progress in development. On human development index (HDI), Cambodia’s improvement in the last ten years should also be noted. Its HDI rose from 0.412 in 2000 to 0.494 in 2010 (UNDP, 2010). In other words, it ranked 131st out of 159 countries in 2000, but 124th out of 169 countries in 2010. On Millennium Development Goals (MDGs), Cambodia is reportedly on track to realize several MDGs targets, namely reducing child mortality, combating HIV/AIDS, malaria and other diseases, and forging a global partnership for development. In addition, Cambodia is said to able to halve poverty by 2015 successfully. The poverty rate of nearly 40 percent in 2000 was reduced to approximately 30 percent in 2009 (Rodley, April 2010). This means that the poverty is reduced at an average annual rate of 1 percent. These attainments were also confirmed by reports of Overseas Development Institute and the UN Millennium Campaigns. As a result, Cambodia was awarded “MDG Award 2010” by the MDG Award Committee in New York for its notable achievements. (Hor, September 2010)

V. Conclusion and Recommendations

The arrival of Obama’s administration reinvigorates policy of engagement in Southeast Asia. This diplomacy was reaffirmed by Secretary Clinton’s announcement in July 2009 that the US is back in Southeast Asia. While deepening its partnership with several ASEAN members, the United States cannot afford to ignore Cambodia. Recent development in Cambodia-US relations from June 2009 to November 2010 signifies the said policy of re-engagement. It was
even clearer when Secretary Clinton visited Cambodia in November 2010, urging this country to avoid over-dependency on one particular country. The renewed interest of the United States also presents an opportunity for Cambodia to broaden and deepen the ties with the United States.

The United States attempts to realize its diplomatic and strategic objectives through development cooperation. As a result, Secretary Clinton endorsed Quadrennial Diplomacy and Development Review (QDDR), which emphasizes that diplomacy and development are mutually reinforced and complementary. Although the said events in the bilateral relations serve US diplomacy and defense, they largely contribute to development of Cambodia in terms of economic growth, good governance and sound investment in people, thus contributing to enhancing human security both in Cambodia and in the region. Development cooperation of the United States contributes to development progress achieved by Cambodia in terms of Millennium Development Goals and Human Development Index. The achievements will lead to not only Cambodia’s poverty reduction and economic growth but also American security and prosperity.

While the current events suggest that trend toward the warmer and closer partnership is on track, certain considerations should be taken into account to keep the momentum and sustainable engagement for both nations, thus contributing to realizing American interests and values.

First, the US needs to further intensify its development cooperation with Cambodia through more positive rather than negative reinforcements. US constructive partnership will help guarantee momentum of progress achieved by Cambodia in terms of MDGs. This is even important if the United States is to urge Cambodia to avoid over-dependency upon one particular
country. In light of geopolitical context, negative reinforcements could be counterproductive. The Uighur case is a clear test of how effective the negative response is.

Second, Cambodia needs to strike a careful balance in its policy when dealing with major powers. Balanced partnerships with major powers are necessary for a small developing country like Cambodia, which needs supports from friends for its development. US re-engagement policy presents a unique opportunity that Cambodia needs to seize. While staying neutral is not an easy task, Cambodia’s current policy of neutrality could help it benefit politically and economically. Also, this policy is critical when Cambodia assumes ASEAN chairmanship in 2012 because it has to serve as a focal point of diplomacy among major powers.

Third, the United States needs to address the limitations hindering the full engagement with Cambodia under the Lower Mekong Initiative. Unlike China, US government does not fund infrastructure projects. Therefore, the US might assist Cambodia in research in and assessment of environmental impact resulting from potential infrastructure projects. Moreover, the role of education should not be underestimated. Investment in young Cambodian leaders is less costly yet brings prospective fruitful gains that can help elevate the bilateral partnership. Opportunity to study at US-based institutions helps not only shape their leadership perspectives but also enhance American public diplomacy. Thus, the US should further increase the scope of intakes for Cambodian students and professionals.

Fourth, trade cooperation should also be a focus in elevating the partnership. Although the deletion of trade ban on Cambodia fifteen months ago helps to enhance American investors’ confidence and lure other US-based companies to invest in this country, concrete investment benefits to Cambodia have not been identified. Therefore, the US should consider encouraging
its investors to Cambodia as China has done so. However, it should also depend on the speed of
US economic recovery.

Finally, US government should forgive Cambodia’s debt of 445 million US dollar, the
legacy of the illegitimate government supported by the US in the 1970s. One the one hand, the
cancellation will not only advance diplomatic objectives but also restore image of the United
States in Cambodia. On the other hand, the cancellation will benefit Cambodia’s development
through expansion of Cambodian development projects.

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