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## **MA ELECTION UPDATE: Cambodia**

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- On 29 July 2018, **Cambodia held national elections that were widely regarded as anti-democratic and noncompetitive**. While the results are not final, the ruling CPP (Cambodian People's Party) is claiming to have won all the National Assembly seats with over 80% turnout at the polls.
- Cambodia's major trading partners -- the U.S. and the EU especially -- have strongly criticized the elections for being neither free nor fair.

### Before the Elections

**Kem Sokha, the leader of the Cambodia's main opposition party, CNRP** (Cambodia National Rescue Party) **was arrested in November 2017 and remains in prison on trumped up charges**. Shortly after his arrest, the Supreme Court ruled that the CNRP was plotting to topple the current government and ordered it to be dissolved. To consolidate on this clamp down, Hun Sen's government has also curtailed the work of Radio Free Asia and Voice of America. The country's two main and largely independent English newspapers were also neutered.

This bit of political maneuvering rid Hun Sen of the political challenge that CNRP had posed with their unexpected success at the 2013 national elections and the 2017 local elections. With no credible challenger to defeat at the polls, **Hun Sen has focused on making the voting on election day look credible enough to prevent popular revolt** and to ensure that its main trading partners in the garment industry – the EU and the US - do not remove duty free access of Cambodian made garments and travel goods respectively into their markets.

The way these elections were conducted **will continue to estrange Cambodia from its traditional partners in development and trade-- the West -- and make Chinese influence and presence even more acute**. For a small country like Cambodia this is not good. It **needs balance in its foreign policy and economic development that an increasingly Chinese focused policy will make impossible**. The post-election White House statement has said that the US would consider a significant expansion to the already announced December 6, 2017 visa sanctions. If Cambodia does not open its political space, the US would also be willing to implement financial sanctions. The only financial sanction applicable now is on General Hing Bun Heang, commander of PM Hun Sen's bodyguard unit, for serious human rights abuses. The dynamics of the influence that the US and its allies had over Cambodia has changed over the last 15-20 years. In the immediate

aftermath of the Paris Peace Accords UN presence in Cambodia, aid was a leverage to make sure that the fragile democracy took root.

#### The Economy

**The garment industry remains crucial.** It is Cambodia's largest formal employer and it accounts for a third of the economy and supports 15% of Cambodia's 16 million population. But in recent years, **China has been pouring money into the Cambodian economy – providing loans directly to the government, undertaking large private and public infrastructure projects.** China is heavily invested in casinos and other businesses in Sihanoukville. Slightly inland from the Sihanoukville port is the quickly expanding Special Economic Zone, where 90% of the 110 companies in operation are Chinese, enjoying tax-free imports and exports and corporate tax holidays. Sandwiching Sihanoukville are concessions owned by Chinese companies that give them control of well over one-third of Cambodia's coastline. **The focal point of Chinese investment and development is Sihanoukville, but it is expanding fast. China is also starting to invest in real estate and the agricultural sector all over Cambodia.**

**Chinese investment in Cambodia from 2012-2016 was over US\$4 billion** - more than 30 times that from the US. China's US\$265 million in aid last year was well over twice that of Japan's and nearly four times that from the US. Chinese dams provide most of Cambodia's electricity; a third of the garment factories that produce Cambodia's main export are Chinese. Nearly half of Cambodia's US\$5.8 billion foreign debt is also owed to China, easily making China its largest debtor.

Politically, **China has also bolstered Hun Sen during this pre-election crackdown of political parties and the media by commending his efforts to keep order.** Western democracies, in the meantime, have condemned them. Emboldened by this and secure in China's no-strings attached investments, **Hun Sen will likely continue more of the authoritarian ways that we have witnessed over the last year.** The pre-election period also witnessed the strange spectacle of the current Chinese Ambassador to Cambodia campaigning alongside Hun Sen. There is no personal or political cost for Hun Sen for his authoritarianism. It is the Cambodian people and their prospects for a society free of corruption, with equal opportunities for all that will bear the cost.

For business continuity, this **bodes well in the short to medium term, as long as the economy does well.** In the long run, **Cambodia's large and increasingly social media savvy young population may want more of a say.**

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