

To Diminish the Negative Framing of the Chinese Influence on Cambodia over the Funan Techo Canal: Sen Claims

By *Sen Tan* (2024, May 12)

Introduction

The Funan Techo Canal project has been constructed by China Bridge and Road Cooperation (CBRC) through an agreement with Cambodia to finance the construction of the Canal for approximately 1.7 billion dollars. It is realized that this project is also a part of the Belt and Road Initiative project of the Chinese government (Meng, 2023).

China has granted the total loan to operate the construction. In return, Cambodia will allow CBRC to control this canal for 40 to 50 years. Also, with the influx of massive load and current debt of approximately 3.9 billion dollars, it is viewed that China is gaining more influence in Cambodia throughout this project. In this policy memo, we are going propose an insightful policy for the Cambodian government to reduce the negative framing of Chinese influence in Cambodia over the Funan Techno Canal project (Ben, 2023).

Policy alternatives

The main objective of the policy proposal is to lessen the impact of China on Cambodia via the Funan Techo Canal. To achieve these objectives, there are several alternative policies for the Cambodian government (Ministry of Foreign Affairs, Republic of Korea, 2022; Ministry of Foreign Affairs, 2023; Ben, 2023).

Prioritizing transparency and multi-stakeholders in the project

Cambodia should process this project by prioritizing transparency and multi-stakeholder. In this sense, it suggests that the Cambodian government has to inform and explain the proposals to the Mekong River Commission to ensure transparency and accountability (Ministry of Foreign Affairs, Republic of Korea, 2022). Cambodia's government has to establish Thinktank or committees to cooperate closely with the Mekong River Commission (Ben, 2023).

Likewise, the Cambodian government can appoint representatives to work hand in hand with the Mekong River Commission by operating the forum and conference

discussion about the Funan Techo canal process. This dialogue and forum will promote active engagement between Cambodia and the Mekong River Commission to address the risks and threats regarding the construction (Ministry of Foreign Affairs, Republic of Korea, 2022).

Correspondingly, Cambodia needs to respond to the call for greater transparency by stakeholders such as the United States and Vietnam, addressing concerns about Chinese influence in Cambodia and the region stemming from the project (Ben, 2023; Viet Nam News, 2024). To achieve transparency with stakeholders, Cambodia should collaborate honestly and tolerantly with the United States and Vietnam (Ben, 2023). To demonstrate its trustworthiness and commitment to cooperation with Vietnam and the United States, Cambodia must engage in open dialogue and share information about the project (Ben, 2023; Viet Nam News, 2024).

Cambodia can establish a committee to collaborate with Vietnam and the United States, facilitating the study and evaluation of the Funan Techo Canal project (Ben, 2023). Additionally, Cambodia must release data, threats, and challenges from the project to the public to enhance reliability and accountability (Ben, 2023). This program will enable stakeholders to assess the challenges and benefits that Cambodia derives from the canal, ensuring that it aligns with Cambodia's interests and benefits its people, rather than being excessively in favor of China (Ben, 2023). Therefore, by engaging with international partners and fostering open communication and information sharing, Cambodia can enhance transparency and mitigate the impact of China on Cambodia through the development of the Funan Techno Canal (Ben, 2023; Viet Nam News, 2024).

In receipt of load and funds from different financial institutions

Rather than allowing China Bridge and Road Cooperation to exclusively construct and control the Funan Techno Canal project for 40 to 50 years, Cambodia should consider operating the project independently by securing funding from various financial institutions (Ministry of Foreign Affairs, Republic of Korea, 2022). Cambodia should aim to maximize China's loan while also seeking funds and loans from other sources such as Korea, Japan, and international banks like the World Bank, Asia Development Bank, and IMF (Ministry of Foreign Affairs, Republic of Korea, 2022;

Ministry of Foreign Affairs, 2023; World Bank, 2022). For instance, Cambodia and Korea have entered into a Framework Arrangement (F/A) concerning loans from the Economic Development Cooperation Fund (EDCF) for the years 2022 through 2026, with Korea pledging to provide 1.5 billion dollars in development loans (Ministry of Foreign Affairs, Republic of Korea, 2022). This diversified funding approach will help Cambodia avoid excessive debt and reduce the influence of China on the project, thereby enhancing its sovereignty and autonomy in managing the Funan Techno Canal.

Moreover, Japan will provide more than JPY 7,571 million (approximately US\$55.27 million) in loans and grant aid to Cambodia to support national development efforts (Ministry of Foreign Affairs, 2023). Additionally, based on credit and economic evaluations by the World Bank and IMF, Cambodia will receive \$274 million in credit from the International Development Association (IDA) and increased loan and grant disbursements from the Asia Development Bank amounting to \$3.09 billion (World Bank, 2022). Furthermore, due to the project's widespread support among citizens, the government can call for contributions from the populace, officials, and elite groups. Cambodia can request \$1 from common people, \$5 from government officials, and \$1000 or more from elite individuals, potentially generating at least \$20 million given its population of over 17 million (World Bank, 2022).

Summarily, considering the funds received from Korea, Japan, ADB, IMF, and World Bank, totaling more than \$1.7 billion, Cambodia can proceed with the project. By diversifying funding sources, Cambodia can ensure its ownership of the canal and independent control, mitigating concerns about Chinese influence. This approach allows Cambodia to reap direct benefits from the project and maintain full control over the canal's operations (Ministry of Foreign Affairs, 2023; World Bank, 2022).

Policy evaluation

Focusing on transparency and multi-stakeholder engagement is likely to enhance trustworthiness and reduce the influence of China on the project (Ben, 2023). By fostering transparency and involving multiple stakeholders, Cambodia can mitigate the risks associated with high reliance on China (Ben, 2023). However, this approach

may prolong the project timeline due to the time required for study and evaluation, potentially complicating the project process (Ben, 2023).

On the other hand, securing funding from various financial institutions has enabled Cambodia to manage the project more effectively and obtain additional benefits (World Bank, 2022). However, obtaining loans from organizations such as the IMF or World Bank may prove difficult because of strict requirements and criteria (World Bank, 2022). Cambodia must be relatively poor, based on its GNI per capita being below a specific threshold, to qualify for IMF loans (World Bank, 2022). Moreover, the approval of loans is contingent upon the country's compliance with IMF policies and the proper allocation of funds towards economic and financial initiatives (World Bank, 2022).

Moreover, Cambodia must manage loans and funds judiciously to avoid disappointment as a fund and loan recipient (World Bank, 2022). Overspending on the canal project could lead to unfavorable outcomes. Therefore, careful management and allocation of funds are imperative to ensure successful implementation and long-term benefits for Cambodia (World Bank, 2022).

Conclusion and policy recommendation

In summary, the construction of the Funan Techo Canal under China's Belt and Road Initiative (BRI) signifies China's increasing influence in Cambodia and the broader region (Ben, 2023). To operate the canal while mitigating concerns about China's influence, the Cambodian government should prioritize transparency and engage multiple stakeholders (Ben, 2023). This includes explaining the project to the Mekong River committee and involving other stakeholders such as the United States and Vietnam to assess the potential impact of China and geopolitical threats (Ben, 2023; Viet Nam News, 2024). Additionally, Cambodia should share information about the project and engage in constructive dialogue with neighboring countries and relevant institutions to mitigate risks and threats (Ben, 2023; Viet Nam News, 2024). By following these proposed policies, Cambodia can ease concerns about China's impact and move forward with the canal project backed by local and global support (Ben, 2023; Viet Nam News, 2024).

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