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# **Cambodia: Between China and Japan**

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**Abstract:**

The paper gives an overview of Cambodia's relations with China and Japan. It argues that this triangle relationship contributes to East Asian regional integration and community construction. China and Japan play a significant role in socio-economic development in Cambodia particularly in terms of infrastructure and human resources development. Cambodia has stronger economic relations with China than Japan. Japan plays more important role than China in terms of peace building and national reconstruction of Cambodia in the post conflict period. In respect of financial development assistance, Japan has been always the top donor and China is emerging to be main donor to Cambodia as well especially in the last few years. It is hard to avoid the conflict of interests between China and Japan in Cambodia, but from Cambodian perspective both China and Japan have good will to help Cambodia to get out of poverty rather than competition to gain political interests.

**About the Author:**

Chheang Vannarith is serving as an executive director of the Cambodian Institute for Cooperation and Peace. He got BA in International Relations from the Institute for International Relations, Hanoi; MA in International Relations from the International University of Japan, Niigata; and Graduate Certificate in Leadership from the East West Center, Honolulu. He is currently a PhD candidate at the Ritsumeikan Asia Pacific University, Oita, Japan. His research interests include international relations, political economy, security, and sustainable tourism.

# **Cambodia: Between China and Japan**

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## **Introduction**

The paper provides some background on the bilateral relations between Cambodia-China and Cambodia-Japan. It then compares and analyses the importance of these two bilateral relations in the context of East Asian Regional Integration. It is argued that Cambodia-China relations are fundamentally based on historical links and current economic relations; Cambodia-Japan relations are based strongly on Official Development Assistance (ODA).

### **1. Historical background**

#### **Cambodia-China**

Cambodia and China has a long history of bilateral relations dated back to 13<sup>th</sup> century when Chinese diplomats under the Temur Kahn, Emperor of Chengzong of Yuan visited Angkor in August in 1296-1297. The two kingdoms practiced tributary type of international relations. Khmer Kingdom sent tributes to China which was regarded as the center of universe. Chou Ta-kuan's record of livelihood, political, social and economic life of Khmer people in Angkor City is evident to prove the Chinese interactions with Khmer. The inflow of Chinese people into Cambodia since early provided a people to people linkage. These ethnic Chinese bring with them culture and traditions which are latter integrated into significant part of Cambodian culture.

The modern Cambodia-China relations started from 1950s after Cambodia gained independence from France. The first meeting between Sihanouk and Zhou En Lai in 1955 at Bandung non-aligned movement meeting marked the beginning of the modern relations between the two countries. During the 1950s and 1960s, Premier Zhou Enlai

and President Liu Shaoqi visited Cambodia few times, while Prince Sihanouk visited China 6 times. During the 1970s and 1980s, Prince Sihanouk had two long stays in China, which led to higher level of relationship and trust between Cambodian royal family and Chinese senior political leaders. However the relation was so much disturbed by the Cold War. China's foreign policy towards Cambodia changed from time to time but her main policy is the reduce influence of US and Soviet Union in Cambodia.

China used to support Khmer Rouge to fight against US in the Indochina War. After gaining power in 1975, Khmer Rouge implemented mass killing and torture towards its own people, different ethnic groups, and foreigners in Cambodia. As a result, one third of the population was purged. In 1979, Khmer Rouge lost power to Vietnam supported Cambodian liberation forces. China waged a brief border war against Vietnam in 1979 to threaten Vietnam from entering Cambodia.

The Chinese-US rapprochement in 1970s changed China's foreign policy towards the region. China moved from strategic war against US to strategic war against Soviet Union. Cambodia was the proxy war between the two blocs (Soviet Union Bloc Vs. United States of America Bloc). From early 1970s, China together with US and ASEAN are trying to contain the political sphere of influence of Soviet Union in Indochina. The proxy war between the two blocs China-US-ASEAN and Soviet Union-Vietnam took place in Cambodia from late 1970s to late 1980s.

After the cold war abruptly ended in 1989, Cambodian conflict turned to new opportunity for conflict resolution and peace building. In 1989, Vietnam agreed to withdraw armed forces from Cambodia and in 1991 all conflict parties with the support of international community came to sign Paris Peace Agreement to end to conflict in Cambodia and pursue for peace building, national reconstruction and democratization in the country under the UN supervision.

## **Cambodia-Japan**

Japan started relations with Cambodia much latter than China. It dates back to post Angkor period when a group of Japanese businessmen and travelers from Kumamoto prefecture traded with Khmers and visited the temples of Angkor. The exact time of the contact is not confirmed but it was proved by the Japanese scripts on one of the wall at Angkor Wat. It is said Japanese came to trade with Cambodia and brought gold back to build a castle in Kumamoto, one of the prefectures on Kyushu island of Japan. But it was just a short term momentous bilateral relation.

The modern relations between Japan and Cambodia started in early 1950s after diplomatic ties established in 1953. The relationship was improved significantly when King Norodom Sihanouk made an official visit to Japan in 1955 to sign a treaty of friendship between the two countries and the Japan's adoption of a resolution of gratitude regarding Cambodia's act of abandoning the rights to claim reparation from Japan. The wholehearted behavior of Cambodia towards Japan after World War II through bileteral assistance such as the abandonment of rights to claim reparation after Japan lost in the war and Cambodia even provided Japan with rice, is the pushing factor for latter cooperation between the two countries.<sup>1</sup>

The bilateral relations were disrupted from mid 1970s to early 1990s after Khmer Rouge cut diplomatic ties with Japan in 1975. After 1979, the new government of Cambodia called State of Cambodia was established but Japan together with the US did not have official relations with this government. Only after Paris Peace agreement and conflict resolution in Cambodia paved the way for official diplomatic relations between the two countries. Japan reopened her embassy in 1992 while Cambodia reopened her embassy in 1994.

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<sup>1</sup> Rice shipments from Cambodia to Japan landed on Kyushu Island. I personally had conversation with Japanese Member of Parliament of Oita prefecture and he confirmed this.

During the cold war, Japan shared common foreign policy with US towards East and Southeast Asia. At the end of the Cold War, Japan actively returned to Cambodia through official development assistance (ODA) and peace building and national reconstruction efforts.

## **2. Political and diplomatic relations after the cold war**

### **2.1. Cambodia-China**

Since 1990s, Sino-Cambodian relations turned to a new phase of development. Leaders of the two countries maintained frequent contacts and exchanges of visits. Cambodian Prime Ministers visited China frequently and came back with bilateral agreements and pledges of Chinese grants to Cambodia. Furthermore, King Norodom Sihamoni's first overseas trip was to China in August 2005.

Sino-Cambodia relations turned to a new phase in 1997 when Hun Sen's administration was facing with temporary financial constraints and political isolation from the West after the July 1997 armed conflict between the two ruling coalition parties (Cambodian People Party and FUNCINPEC). Prime Minister Hun Sen ousted his co-Prime Minister Norodom Rannaridh after the conflict. China supported immediately the new government of Cambodia under Hun Sen's leadership. China gave USD 10 million loan. In addition, from 1997 to 2005, China provided USD 600 million in investments, grants, and aid. Hun Sen's administration inclined towards China in order to have breathing political and economic breathing space. After the general election in 1998 in which Hun Sen's political party (CPP) won the race, China immediately supported the new government.

The bilateral relations have been improved and both countries' heads of states have made frequent visits to each others. In 2000, President Jiang Zemin paid a state visit to Cambodia. Both sides signed the Joint Statement on bilateral cooperation, confirming further development of closer and stable traditional, neighborly and friendly relations between the two countries in the new century.

In November 2002, Premier Zhu Rongji visited Cambodia. The Chinese Government declared that all the overdue Cambodian debts would be exempted. Premier Zhu suggested maintaining high-level contacts and exchanging of visits; strengthening mutually beneficial economic cooperation; identifying key areas for functional cooperation. The leaders of the two countries agreed to take agriculture, development of human resources and infrastructural construction as key areas for cooperation between the two countries. In addition, Cambodia hoped that Chinese government would encourage Chinese tourists to visit Cambodia.

In August 2005, China's Chairman of the Standing Committee of the National People's Congress Mr, Wu Bangguo, met with Cambodian King, Norodom Sihamoni in Beijing. Wu stated that China and Cambodia has enjoyed more than 2000 year history of friendly exchanges. King Sihamoni said that the history of Cambodia-China friendship is long lasting and goes deep into the heart of the two peoples.

On the eve of the Wen's visit to Cambodia, interviewed by Xinhua News Agency, Cambodian Foreign Minister Hor Nam Hong emphasized the bilateral relationship based on historical link nurtured by King Father Norodom Sihanouk and older generation of Chinese leaders such as Mao Zedong and Zhou Enlai. The foreign minister stated that "Cambodia always attaches great importance to developing special friendly relations with China, and makes it an indispensable part of our foreign policy...It serves not only the fundamental interests of the peoples of the two countries, but also peace, stability and prosperity of the region". Regarding the Taiwan issue, the foreign minister confirmed that Cambodia always supported "One China Policy" and not allowed any Taiwanese separatist movement operating on Cambodian soil in any form.

In April 2006, Premier Wen Jiabao visited Cambodia. Cambodia and China signed several bilateral agreements and a treaty of "Comprehensive Partnership of Cooperation". China pushed forward its financial aid assistance and encouraged Chinese investments in Cambodia. During the visit, Cambodian Prime Minister Hun Sen stated that China was a Cambodia's "most trustworthy friend". During the visit, China pledged USD 600 million in financial assistance to Cambodia. Chinese aid to Cambodia does not

link with political reforms and governance betterment. It is thus more favorable from Cambodian side to receive Chinese aid than Western one.

On the occasion of 50<sup>th</sup> anniversary of the diplomatic relations between China and Cambodia, the two leaders stressed the great achievement of fruitful bilateral relations and commitment of young generation leaders in pursuing such tradition. The two leaders promised to bring friendship and mutually beneficial cooperation to a new level,

In terms of military cooperation, China has cultivated good relations with Cambodian armed royal armed forces. In the aftermath of armed conflict in 1997, China granted USD 2.8 million in military aid and since then continued supplying various types of military logistic support and trainings. In 2004, China provided USD 60 million loan to Cambodia to purchase six naval patrol boats. China is Cambodia's largest military aid provider.

To prove Cambodian adherence to One China Policy, Cambodian government ordered to close down Taiwan's de facto embassy and Taipei Economic and Cultural Representative Office in 1997 and banned Cambodian government officials from making official visits to Taiwan or attending any functional meetings. In 2002, Cambodia refused to grant Visa to Dalai Lama and suppressed the Falun Gong activities in the country.

**Table 1: Visits from China to Cambodia**

<b>Year</b>	<b>Name</b>
2000	President Jiang Zemin

2002	Premier Zhu Rongji
2005	Chairman of the Standing Committee of the National People's Congress, Mr. Wu Bangguo
2006	Premier Wen Jiabao

**Table 2: Visits from Cambodia to China**

<b>Year</b>	<b>Name</b>
2004	Cambodian Prime Minister Hun Sen
2006	Cambodia Prime Minister Hun Sen
2006	Cambodian King Norodom Sihanouk

Source: Chinese Embassy in Phnom Penh, available at <http://cb2.mofcom.gov.cn/index.shtml>, last access on July 22, 2009

## **2.2. Cambodia-Japan**

Cambodia and Japan established diplomatic relations in 1953. The relations between the two countries have been improved remarkably since 1990s when Cambodian conflict was resolved and the liberal democratic political system was introduced. Japan's foreign policy towards Cambodia is under the framework of "peace and happiness through economic prosperity and democracy". Japan supports Cambodia in many fields especially conflict resolution, peace building and national reconstruction.

Cambodia-Japan relations are called by the leaders of the two countries as "heart to heart" relations in which trust and sincerity are the backbone. Japan has never shown

political ambition and interests regarding this relationship. Almost every year there is an exchange of visit by both senior leaders of the two countries.

**Table 3: Visits from Japan to Cambodia**

<b>Year</b>	<b>Name</b>
1993	Vice Chief Cabinet Secretary Motoji Kondo
1993	Minister of Home Affairs Murata
1993	Vice Prime Minister and Minister of Foreign Affairs Tsutomu Hata
1995	Vice Prime Minister and Minister for Foreign Affairs Yohei Kono
2000	Prime Minister Keizo Obuchi
2001	T.I.H. Prince and Princess Akishino
2002	Minister of Finance Masajuro Shiokawa
2002	Prime Minister Junichiro Koizumi
2003	Foreign Minister Yoriko Kawaguchi
2003	Minister for International Trade and Economy Takeo Hiranuma
2005	Foreign Minister Nobutaka Machimura
2006	Vice President of the House of Representatives Takahiro

	Yokomichi
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**Table 4: Visits from Cambodia to Japan**

<b>Year</b>	<b>Name</b>
1996	First Prime Minister Norodom Ranariddh
1999	Prime Minister Hun Sen
1999	President of the Senate Chea Sim
2001	Prime Minister Hun Sen
2002	President of National Assembly Norodom Ranariddh
2002	Senior Minister, Minister of Foreign Affairs and International Cooperation Hor Namhong
2003	Senior Minister, Minister of Foreign

Source: Japanese Foreign Ministry, available at <http://www.mofa.go.jp/region/asia-paci/cambodia/index.html>, last access on July 22, 2009

During the visit 2000, Prime Minister Keizo Obuchi praised the efforts of Cambodia in terms of peace building and economic development over the last decade. The prime minister also emphasized on Japanese readiness and willingness to assist Cambodia in terms of administrative and financial reform particularly anticorruption efforts. Regarding the Japan's bid for the UN Security Council, Cambodia supported the qualification of Japan. Japan continued to build peace in Cambodia through demining, small arms management, and supporting the Khmer Rouge tribunal.

In 2002, Prime Minister Koizumi visited Cambodia in the occasion of the ASEAN Plus Three Summit. He paid a courtesy call to Their Majesties King Norodom Sihanouk and Queen Norodom Monineath Sihanouk. He also went to lay flowers at the memorial to the Superintendent Haruyuki Takada who was killed in his mission for the United Nations Transitional Authority in Cambodia (UNTAC) in 1993.

Japan dispatched governmental election observation mission for the general elections in Cambodia. In 2008, Japan contribute about three million USD as assistance for the general election and about 148 000 USD for capacity building for electorate.

Yasushi Akashi, Japanese citizen and the head of the United Nations Transitional Authority in Cambodia (UNTAC) brought good image of Japan to Cambodian people. Japan for the first time after World War II sent Self Defense Forces to maintain peace and monitor first democratic general election in Cambodia after more than three decades of war.

The Cambodia-Japan friendship bridge connecting Phnom Penh with National road number 6 is the most symbolic demonstration of Japanese assistance to Cambodia. The other bridge called Kizona in Kampongcham province is another landmark of Cambodia-Japan friendship. The portrait of the Kizona bridge was put into the Cambodian currency (500 Riels note). In addition, Japan, in the context of post conflict peace building, strongly supports the demobilization and reintegration of the former military forces, demining activities and small arms management, urban and rural infrastructure renovation, and human resources development . These acts really get Cambodian heart.

In addition, Japan assists Cambodia in terms of strengthening democracy and rule of law. Japan helped drafting the Civil Code and the Civil Procedure Code for Cambodia. Japan gave 21 million USD and sent one judge to Khmer Rouge Trials.

In 2007, Deputy Prime Minister and Foreign Minister Hor Nam Hong paid an official visit to Japan and in March, 2008, General Tea Banh visited Japan to exchange views on regional security and find way to improve security and defense cooperation.

IN January, 2009, Mr. Hirofumi Nakasone, Minister of Foreign Affairs, met with Cambodian Prime Minister Hun Sen and Cambodian Foreign Minister Hor Namhong. There were several activities including signing Ceremony of economic project agreements, handing over of demining machines, and the opening of Mekong-Japan exchange year 2009. Japan reaffirmed her commitment to assist Cambodia in infrastructure and human resources development. He also conveyed Japan's support for the Khmer Rouge Trials.

During the 10<sup>th</sup> anniversary of the re-establishment of the Royal Embassy of Cambodia to Japan, Japan stated that Japan would like to strengthen cooperation with Cambodia, which is at the forefront of "Arc of freedom and prosperity" based on universal values such as freedom, democracy, and basic human rights. In return, Cambodia supports more active role of Japan in United Nations. Cambodia supports Japan as one of the permanent member of the UNSC.

### **3. Economic relations between Cambodia and China and Japan**

#### **3.1. Cambodia-China economic relations**

China-Cambodia economic relations are based mainly on business cooperation and trade relations between ethnic Chinese community in Cambodia and Chinese. Ethnic Chinese constitute approximately 3-5% of Cambodia's population or 350,000. They are mainly traders and retailers. Many Chinese products could be seen everywhere in Cambodia since it is cheaper comparing with other imported products so it is suitable for

Cambodian consumers. According to Asia Times, more than 60% of products in Cambodian markets are made in China.<sup>2</sup>

China is one of the biggest investors in Cambodia with more than three thousand Chinese companies having cumulative investment capital of about USD 1.58 billion at the end of 2007. Bilateral trade volume reached USD 739 million in 2007. Cambodia has significant trade deficit with China. Cambodia imported USD 883 millions from and exported only USD 51 millions to China. During the visit of China’s top political advisor Jia Qinglin to Cambodia in December 2008, China and Cambodia proposed to further increase the annual bilateral trade volume to USD one billion by 2010.

**Table 5: Cambodia imported value/intensity from and (exported value/intensity) to China**

USD million

Cambodia	China
2000	164/1.42 (59/1.19)
2007	883/1.80 (51/0.21)

*Source: Compiled from Yasushi Ueki (2009), pp.141 and 151*

Chinese investment in Cambodia mainly concentrates on textile industry and hydropower energy. Almost 90 percent of the textile industries in Cambodia are owned by Chinese investors. Almost all hydropower plants are invested by Chinese companies.

Chinese companies built hydro dams to sell their electricity output to Cambodian public enterprise, Electricite du Cambodge (EDC). Among all these are: Synohydro Corporation- Kamchay Hydro- 193 MW. Chinese owned Michelle Corporation- Russey Chrum Krom Hydro- 338 MW. The China National Heavy Machinery- Stung Tatay Hydro- 246 MW. China Datang Corporation- Stung Ata Hydro- 120 MW. The 2600 MW

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<sup>2</sup> Available at [http://www.atimes.com/atimes/Southeast\\_Asia/HJ06Ae01.html](http://www.atimes.com/atimes/Southeast_Asia/HJ06Ae01.html), last access on July 22, 2009

Sambo Hydro Power Plan in Stung Treng is expected to be constructed by Chinese company.

**Table 6: Chinese FDI to Cambodia**

USD million

	Chinese FDI			
	2005	2006	2007	2005-7
ASEAN	158	336	968	1,462
Cambodia	5	10	64	79

*Source: Compiled from Yasushi Ueki (2009), p.117*

### 3.2. Cambodia-Japan Economic Relations

Cambodia-Japan trade volume is lower than Cambodia-China trade volume due to the lack of Japanese investment and trade link between the two countries. Recently, in order to push bilateral economic relations between the two countries, both governments of Japan and Cambodia signed an agreement for the liberalization, promotion and protection of investment in July 2008. Cambodia has trade surplus with Japan. Cambodia imported USD 111 millions from and exported USD 139 millions to Japan.

**Table 7: Cambodia imported value/intensity from and (exported value/intensity) to Japan**

USD million

Cambodia	Japan
2000	52/0.38 (52/0.68)
2007	111/0.47 (139/0.80)

*Source: Compiled from Yasushi Ueki (2009), pp.141 and 151*

Japanese foreign direct investments in Cambodia are relatively low comparing with China. But in the whole ASEAN, Japan invested more than China. This is because

Japanese investors do not have confidence yet in doing their business in Cambodia due to the lack of rule of law and infrastructure.

**Table 8: Japanese FDI to Cambodia**

USD million

	Chinese FDI				Japanese FDI			
	2005	2006	2007	2005-7	2005	2006	2007	2005-7
ASEAN	158	336	968	1,462	5,059	6,957	7,785	19,801
Cambodia	5	10	64	79	0	4	9	13

*Source: Compiled from Yasushi Ueki (2009), p.117*

#### **4. Development Aid**

##### **4.1. Chinese aid to Cambodia**

China has become one of the donor countries to assist Cambodian development. In the last decade, China has played quite important role in helping the Cambodian government to improve and build the basic physical infrastructure in the country. China's aid to Cambodia including: Concessional loan of 200 million USD as buyer's credit to build two bridges (Mekong Bridge and Tonle Sap Bridge) and two highways (No.76 and No.8) in 2004; RMB 300 million Yuan non-refundable aid for office building of Cambodian government and RMB 100 million Yuan interest-free loans to Cambodia in 2006; China agreed to provide concessional loan of 100 million USD as buyer's credit to build No. 62 highway; concessional loan of 100 million USD as buyer's credit to build No.57 highway; Aid given gratis included office equipment, trucks, transport car, bulldozer, digging machine in 2008.<sup>3</sup>

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<sup>3</sup> Zhu Zhenming, China's economic aid to CLMV and Its economic cooperation with them. In Mitsuhiro Kagami (ed., pp.70-107). A China-Japan Comparison of Economic Relationships with the Mekong River Basin Countries. Bangkok: Bangkok Research Center, IDE-JETRO, pp.77-8

## 4.2. Japanese Aid to Cambodia

Japan is top donor to Cambodia. Japanese ODA to Cambodia focuses mainly on demining, peace building, infrastructure development, public institutional strengthening, and human resources development.

**Table 9: Japan's ODA disbursements to Cambodia**

(Net disbursements, USD million)

Year	Loan Aid	Grant Aid	Technical Cooperation	Total
1999	—	27.62	23.25	50.87
2000	1.53	65.32	32.35	99.21
2001	0.21	79.89	40.11	120.21
2002	7.47	48.46	42.65	98.58
2003	7.96	76.68	41.24	125.88
2004	7.35	38.27	40.75	86.37
2005	4.07	53.10	43.45	100.62
2006	9.50	56.93	39.86	106.28
Total	37.75	870.57	421.92	1,330.24

Source: Ministry of Foreign Affairs of Japan, available at

[http://www.mofa.go.jp/policy/oda/data/01ap\\_ea01.html#CAMBODIA](http://www.mofa.go.jp/policy/oda/data/01ap_ea01.html#CAMBODIA)

## Conclusion

Cambodia bilateral relations with China and Japan have constructed and nurtured for long time. Cambodia-China relations are mainly shaped by traditional political links, ethnic Chinese community residing in Cambodia, recent bilateral economic relations, China's dominant participation in Cambodia's economy, and Chinese financial aid to Cambodia. The increasing economic and aid relations between Cambodia and China

present an opportunity of stronger economic interdependence between the two countries. Cambodia is a small economy so Cambodia relies much on China for the sources of finance and market.

For Cambodia-Japan relations, it relies much on the good heart of Japanese people who are willing to support the peace building and national reconstruction of Cambodia. Japan seems do not have much political interests in Cambodia. Rather Japan is focusing on Cambodian development through Official Development Assistance.

The good relations between Cambodia-China and Cambodia-Japan especially the increasing economic cooperation and integration between Cambodia and China, and Cambodia and Japan contribute to East Asian regional integration process.

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