

Deals with China inked

THE PHNOM PENH POST Monday, 22 August 2011 Vong Sokheng and Don Weinland

CAMBODIA agreed to acquire Chinese-made Z-9 helicopters for US\$195 million in one of 26 memorandums of understanding agreed by the two countries on Saturday.

Cooperation was pledged in sectors such as energy, mining, agriculture and road construction, as well as defence spending and aid. The two-day meeting also saw deals inked involving Cambodian conglomerate Royal Group and the Chinese backers of the controversial Boeung Kak lake development.

Led by Politburo Standing Committee member Zhou Yongkang, the Chinese delegation met with Prime Minister Hun Sen on Saturday.

“[Hun Sen and Zhou] have exchanged views on this new era of cooperation between Cambodia and China,” Eang Sophalleth, Hun Sen’s spokesman, said at a press conference following the closed-door meeting.

Hun Sen reiterated the Cambodian government’s political will to continue backing the One-China’s Policy, or China’s claim to sovereignty over Taiwan and other disputed regions, Eang Sophalleth said.

“The Chinese government needs to trust in Cambodia’s support of the One-China Policy, and Cambodia will stay resolute on this,” Eang Sophalleth quoted Hun Sen as saying during the meeting.

Increased cooperation has been lauded by Cambodian officials and some investment groups, but large-scale investments from China have also raised concerns about the mainland’s rising influence in the Kingdom.

“The more and more Chinese exercise influence in Cambodia, the more Cambodia will become subservient to China,” Lao Mong Hay, a political analyst, said yesterday.

While China’s interest in regional trade and Cambodian resources are substantial, its primary objective is strategic, Lao Mong Hay said. With disputes raging between China and Vietnam over oil-rich territory in the South China Sea, Beijing sees Cambodia as a “security belt” in the region, he said.

The deals signed at the conference covered a broad range of sectors. The helicopter MoU, which was not discussed at the press conference, was signed by Minister of Economy and Finance Keat Chhon and China’s Vice Minister of Commerce Chen Jian.

Tycoon Lao Meng Khin signed two MoUs on mining and power plant projects with Chinese construction company Erdos Hongjun Investment Company. The two projects are worth roughly \$2 billion and are set to break ground in the first quarter of next year, according to documents from China’s National Development and Reform Commission.

The Chinese firm and Lao Meng Khin have previously been tied to the controversial Boeung Kak lake housing project in Phnom Penh.

Cambodian mobile operator CamGSM also signed an agreement to co-ordinate with Chinese telecommunications company Huawei in building Cambodia's first satellite, according to notes from the meeting.

Royal Group chairman and chief executive Kith Meng told the Post yesterday the project was on track to launch in 2013 and would cost as much as \$350 million.

Chinese companies have also shown interest in Cambodia's agricultural produce, signing four agreements aimed at rice exports to the People's Republic.

Eang Sophalleth said on Saturday Prime Minister Hun Sen had appealed to the Chinese delegation to increase its investments in the Cambodian agricultural industry.

In August last year, Hun Sen set a target of one million tonnes of milled-rice exports by 2015.

"The Chinese president and prime minister have made it an incentive to support Cambodia in all fields of national development. This delegation's visit to Cambodia is a response to Cambodia's desire to boost the exportation of rice to China," Eang Sophalleth said.

Chinese firms also signed deals on irrigation development and building roads in the Kingdom.

Experts said yesterday they supported Chinese investment in Cambodia, provided it was properly monitored.

Leopard Capital managing partner Scott Lewis said Chinese investment was a fundamental building block in Cambodia's development and should be applauded.

Development and investment by Chinese companies, however, should not come at the expense of environmental destruction and should be monitored, he said.

"These investments need to be welcomed, but they also need to be regulated," Lewis said.