

DIGEST

CAMBODIA

China's Investment in Cambodia

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The Sino-Cambodian relations have spanned from the very bygone history until present time. The two countries have been really tied up through the historical illusion, diplomatic relations, financial assistances, as well as the foreign policies. The Chinese embassy was only allowed to have premise in Cambodia during the agricultural authoritarian regime of Pol Pot from 1975 to 1979. Their alliances have been considerably strengthened after the Cambodia-Vietnam war.

The year 1997 would be the starting point of bilateral economic relations with a strong backing from the Chinese government for Prime Minister Hun Sen, which was seen as a China's strategy to gain leverage against the Vietnamese influence in Southeast Asia and to oppose the possible economic sanctions from the western nations against Cambodia. During the official visit of the Chinese Premier Wen Jiabao in 2006, several bilateral agreements were signed; one of them was "the Agreement between the Government of the Kingdom of Cambodia and the Government of the People's Republic of China for the Promotion and Protection of Investment"¹ (hereinafter China-Cambodia Investment Agreement). The China-Cambodia Investment Agreement has been one of the most effective regulatory tools to boost investment between the two countries, by offering favorable investment environment, access to the territory, guarantee not to nationalize the foreign properties, as well as a number of protections provided for under customary international law.

In addition, with the Comprehensive Partnership of Cooperation, China has

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¹ See The full text of the Agreement, available at http://unctad.org/sections/dite/ia/docs/bits/china_cambodia.pdf (last visited on Nov. 15, 2013).