

**CAMBODIA'S DIPLOMACY TOWARD ECONOMIC DEVELOPMENT:  
AFTER PARIS PEACE AGREEMENT IN 1991**

**By**

**Sorphorn Ith**

**THESIS**

Submitted to

KDI School of Public Policy and Management

in partial fulfillment of the requirements

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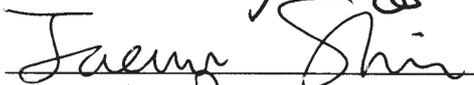
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**ABSTRACT****CAMBODIA'S DIPLOMACY TOWARD ECONOMIC DEVELOPMENT:  
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After the Paris Peace Agreement was concluded in 1991, Cambodia became a more democratic state since all political factions, except Pol Pot, agreed to have a general election in 1993. Through this democratization process, Cambodia had a better profile on international stage. Since then, Cambodia has developed its economy quite rapidly with the transformation from a planned economy to a market economy in 1993. There are many factors that have contributed to this growth. We believe that Cambodia's diplomacy, meaning foreign policy and implementation of foreign policy, is a factor that has helped promote its economic development.

We have examined the impacts of Cambodia's current foreign policy on trade, FDI, international assistance, tourism, and national security which are the basic elements for economic development. We also elaborate on the roles, behavior, mentality, and working environment of all stakeholders in Cambodia that contribute to the formation and execution of its foreign policy. At last, we find out that although economic development requires promoting productivity, a more comprehensive institutional reform, and government's commitment, diplomacy has created a favorable condition for economic development in this country and in order to achieve a long-term, sustainable growth, Cambodia needs to start investing in its human capital as early as possible.

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## Chapter I Introduction

### 1. Background

During the dark period of Pol Pot's regime (1975-1979), human, social, and physical capital in Cambodia were destroyed. Almost two million people were killed, especially those who were well educated and wealthy, because the regime wanted to abolish the so-called "old society."<sup>1</sup> Social capital was also diminished. Since many people were killed unreasonably, people no longer had trust among each other. The social network was limited since any gatherings of more than two people were banned.<sup>2</sup> Moreover, physical infrastructure such as roads, bridges, and schools were destroyed. Only the irrigation system was further developed for agricultural purpose.

The Pol Pot's regime was overthrown by a Vietnam-backed force in 1979 when Cambodia started to build itself with a planned economy. Since Vietnamese forces remained in Cambodian territory after Pol Pot was overthrown, Vietnam was condemned for the invasion of Cambodia. Therefore, the Cambodian government backed by Vietnam was isolated by the international community, especially from the Western bloc, in terms of trade relations, international assistance, and other cooperation. The Cambodian government could develop its country only very slowly with the remaining civil war, the shortage of human capital, lack of social capital, devastated infrastructure, and international isolation until 1991.

The Paris Peace Agreement was concluded in 1991 when all Cambodian political factions, except for Pol Pot's force, agreed to join with the government and to have a general election, supported by the United Nations for Transitional Authority in Cambodia (UNTAC), in

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<sup>1</sup> The History Place, *Genocide in the 20<sup>th</sup> Century*. <http://www.historyplace.com/worldhistory/genocide/pol-pot.htm>.

<sup>2</sup> Ibid.

1993. Since 1993, Cambodia has shifted its economic structure from a planned economy to a completely market economy through implementing “comprehensive macroeconomic and structural reform.”<sup>3</sup> This policy facilitated Cambodia in the process of integrating itself to regional and international economies. In this effort, Cambodia was admitted to ASEAN in 1999 and World Trade Organization in 2004. This foreign policy of regional and international integration has been a crucial factor to boost Cambodian economic growth through increasing trade activities, promoting FDI, attracting international assistance, and strengthening political-security cooperation.

On top of that, although the contents of foreign policy are very crucial, the making and implementing of the policy are much more prominent. There are a number of stakeholders involved in the process of creating and implementing foreign policy but the main contributors are the Ministry of Foreign Affairs and International Cooperation, the Ministry of National Defense, Ministry of Economy and Finance, the Ministry of Commerce, diplomats at the resident missions abroad, and the private sector. All these stakeholders shape the foreign policy of Cambodia and their commitment and performance towards accomplishing the foreign policy goals should be highly regarded.

In this sense, we will structure this study in three main parts: (1) the conceptual framework, (2) Cambodia’s foreign policy, and (3) the implementation of its foreign policy. The first part will discuss the concept of diplomacy including its definition, its relationship with power and with economic development. The second part will deal with the current foreign policy of Cambodia such as the regional and international integration and security cooperation. The third part will examine the roles, behavior, mentality, and working environment of all stakeholders contributing to the formation and implementation of Cambodia’s foreign policy.

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<sup>3</sup> Chap Sotharith and Chheang Sovannarith, *Cambodian Economy (CICP E-Book No.5, Phnom Penh, 2010)*, 8.

## **2. Research Questions**

This study will mainly respond to the question of how Cambodia's diplomacy could contribute to its economic growth since 1991 when the Paris Peace Agreement was concluded. So, first we will examine the current foreign policy measures toward economic growth imposed by the Cambodian government. We will use previous studies as the secondary data to analyze whether or not the policy measures have been working well to ensure the economic growth in Cambodia. To do so, we will have to know if the current foreign policy of the Cambodian government with regard to regional and international integration and security cooperation could have a positive effect on trade, FDI, aid, the tourist sector, and national security and stability. We will also use primary data such as ASEAN reports and speeches of Cambodian leaders to demonstrate Cambodia's efforts toward regional integration and economic growth. Furthermore, we will analyze how the ministry of foreign affairs, resident missions abroad, and relevant stakeholders, as the units that execute foreign policy, could promote economic growth in Cambodia. We will examine if the functions of these units could affect positively the promotion of trade, FDI, aid, tourism, and stability.

## **3. Significance**

This study is the first attempt to examine the relationship between diplomacy and economic development of Cambodia. Not only will we discuss the relationship between Cambodian foreign policy and some factors that generate economic growth, including trade, FDI, international assistance, and tourism, but also the behavior, mentality, and working environment of all stakeholders that contribute to the economic development through the formation and implementation of foreign policy. Taking into account the specific conditions in Cambodia, this study will be the first attempt to illustrate how diplomacy in such a small country could affect its economic development.

## Chapter II Literature Review and Conceptual Framework

### 1. Definition of Diplomacy

Diplomacy in international politics is a broad issue. This is because diplomacy does not have a clear, undisputed definition. People from different backgrounds provide different definitions of diplomacy. For instance, most diplomats believe that diplomacy is what diplomats do. Diplomats carry out their jobs abroad and always represent their countries. What diplomats do is to achieve the objectives of their nation's foreign policy. Those jobs include such things as negotiation, attending cordial ceremonies prepared by other states, and so on. From the perspective of public people and news, diplomacy seems to be an alternative to war. When people or news talk about successful diplomacy, they refer to a successful settlement of a dispute without going to war. However, there are some views from different scholars regarding the definitions of diplomacy.

For Henry Kissinger (1994), diplomacy is a foreign policy. Only the state can have authority to set out foreign policy and all diplomats need to work and act in compliance with established foreign policy. In his book, *Diplomacy*, Kissinger provided a comprehensive explanation of American foreign policy in global politics. He argued that any countries with hegemonic power will shape the international system in accordance with their own values.<sup>4</sup> For example, in the seventeenth century France promoted the concept of the "nation-state system" in the international system, which was based on national interests. In eighteenth century, Great Britain introduced the concept of "the balance of power," in which all states have relatively comparable power. In the nineteenth century, Germany developed the concept of "the Concert of Europe," in which all states needed to co-exist. In the twentieth century, the United States with its hegemonic power has implanted the concept of democracy, free trade, and rule of law in the

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<sup>4</sup> Henry Kissinger, *Diplomacy* (Simon & Schuster, New York, 1994), 17.

global international order. Therefore, we could see that what Kissinger tried to explain us about diplomacy was foreign policy.

Brian White (2005) defines the term “diplomacy” in two perspectives: “macro” and “micro.” In the macro perspective, diplomacy is a “process of communication” among states aiming at preventing or settling conflict or war through cooperation and dialogue while, in the micro perspective, diplomacy is defined as a “policy instrument” a state uses to accomplish the objectives of its foreign policy.<sup>5</sup>

Hans J. Morgenthau (2006), in *Politics Among Nations*, describes diplomacy in two dimensions. The first dimension is about the formation of foreign policy, how to use all resources of a state effectively to get maximum power. He argued that “diplomacy ... is the brains of national power, as national morale is its soul.”<sup>6</sup> Foreign policy is shaped in accordance with the national interests of the individual state. Another dimension is the implementation of foreign policy. Diplomats implement foreign policy for the sake of their national interests. The conduct of foreign policy could be done through negotiation, compromise, or threat. By combining the two dimensions, diplomacy is how foreign policy is formed and what diplomats do.

To this end, although there are different definitions provided by different groups of people, we could conclude that diplomacy is the process of forming foreign policy by taking into account all potential resources of a state and the implementation of foreign policy by diplomats so as to pursue their national interests. Diplomacy can maximize the power of a state which will

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<sup>5</sup> Brian White, “Diplomacy,” in *The Globalization of World Politics*, 3<sup>rd</sup> ed. Jonh Baylis & Steve Smith (Oxford University Press, New York, 2005), 388-389.

<sup>6</sup> Hans J. Morgenthau, *Politics Among Nations*, 7<sup>th</sup> ed revised by Kenneth W. Thompson and W. David Clinton (McGraw-Hill/Irwin, New York, 2006), 153.

have direct or indirect impact on the development of the state. In this regard, we need to understand the relationship between diplomacy and power in global politics.

## **2. Diplomacy and Power of state**

International Relations are anarchic since there is no global government or any enforceable international legal structure. States by themselves need to be militarily strong and economically healthy so as to survive in this chaotic world. That is all about power. From the realist perspective, states build up their military power so that they may defend themselves and invade other states in order to expand their territory. Realists believed that invading other states for territory was the fastest way to get resources and market in order to promote their economic power. In the past, we saw a lot of wars such as the two world wars which were waged for market and resources. Nowadays, there are still a lot of wars or clashes over territory such as Palestine-Israel war in Gaza and the Cambodia-Thailand clash over land around Preah Vihear temple. In this regard, diplomacy has played a prominent role to prevent wider war through negotiation. Given that diplomacy has been very salient in the history of international relations, many scholars have studied the relationship between diplomacy and the power of the state.

A well-known scholar, Hans J. Morgenthau (2006), discussed a wide range of issues related to power and peace in international politics in his book *Politics Among Nations*. He believed that states need to have power in order to pursue their national interests. He suggested that diplomacy be “the brains of national power.” According to Morgenthau, there are four tasks of diplomacy.<sup>7</sup> The first one is to determine one’s own objective. In order to set an objective, state needs to know its strength. Setting a wrong objective will make a state’s power decline. For example, if one state overestimates its strength, it sets an objective it does not have enough

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<sup>7</sup> Hans J. Morgenthau, *Politics Among Nations*, 7<sup>th</sup> ed revised by Kenneth W. Thompson and W. David Clinton (McGraw-Hill/Irwin, New York, 2006), 539.

power to achieve. Failing to achieve the objective will make the state weaker and force it to set another objective so setting a wrong objective is a waste of resources and time. The second task of diplomacy is to assess the other's objective. Getting the wrong information about or misunderstanding the other's objective will incur the risk of war. A state can mistake "a policy of status quo for a policy of imperialism and vice versa."<sup>8</sup> If one state mistakes another state's policy of status quo for imperialism, it will overreact to the other state's policy so the latter will take reciprocal action. This could lead to war between the two states. In contrast, if one state mistakes another state's policy of imperialism for status quo, it will be unprepared so it will be weaker than the other state. This could further encourage the latter to wage war. Therefore, a state's diplomacy should have careful assessment of others' objectives so as to avoid war. The third task of diplomacy is to measure the gap between the two states' objectives. To do that, state has to assess the power of both sides. By so doing, they can see which state is more powerful. A stronger state could put conditions while a weaker state could only receive conditions, but if powers of the two states are relatively equal, they will have to compromise over each other's conditions. In this regard, underrating or overrating the power of other state could bring states to war. The fourth task is to employ measures to make both states' objectives compatible. If one state finds out its objective is not compatible with another state's objective, it should either abandon its objective or make the other state abandon its objective so that war could be prevented.

There are three measures that a state can take to make its objective compatible with other's. They are the diplomacy of "persuasion, compromise, and threat of force."<sup>9</sup> What's more,

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<sup>8</sup> Ibid, 540.

<sup>9</sup> Ibid., 541.

Morgenthau argued that diplomacy is now in decline due to five factors including the development of communications, the depreciation of diplomacy, diplomacy by parliamentary procedures, newcomers to diplomacy, and the nature of contemporary politics.<sup>10</sup> He suggested that diplomacy can be revived if the factors that make diplomacy decline are eliminated or the influence of those factors is mitigated.<sup>11</sup>

As mentioned above, states always seek power to pursue their interests because with power one state can make another state to do what it wants. So, what is power? Joseph S. Nye (2011) in his book, entitled *the Future of Power*, defined it as “capacity to do things and in social situations to affect others to get the outcomes we want.”<sup>12</sup> Nye also explicitly discussed three different kinds of power, so-called “hard power,” “soft power,” and “smart power.” Hard power refers to military power, while soft power, which is closely related with diplomacy, is the capacity to attract others. Public diplomacy is a tool to promote soft power. Nye believed that neither hard power nor soft power alone could deal with every problem in international politics. How to deal with one problem really depends on the context and the nature of the problem so only the effective combination of both powers could be solutions to all the problems. Nye called “the combination of the hard power of coercion and payment with the soft power of persuasion and attraction” smart power.<sup>13</sup> In his book, Nye has provided some strategies on how to use power in the twenty-first century. It does not mean to maximize power but to use power effectively in order to get desired outcomes.

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<sup>10</sup> Ibid., 545-549.

<sup>11</sup> Ibid., 551.

<sup>12</sup> Joseph S. Nye, *The Future of Power* (Public Affairs™, New York, 2011), 6.

<sup>13</sup> Ibid., xiii.

*Routledge Handbook of Public Policy* (Snow and Taylor, 2009) was the result of in-depth research on public diplomacy. This book argued that “public diplomacy is inevitably linked with [soft] power”<sup>14</sup> because public diplomacy mostly focuses on promoting “culture, value, and ideology.”<sup>15</sup> Public diplomacy is also useful to promote a state’s credibility so that it will strengthen the soft power of the state.

To sum up, Most of the previous studies focus on relationship between diplomacy and power. Power is the only strategy for survival of a state in the international politics. Diplomacy is shaped for the sake of national interests. In this regard, power is an important element of diplomacy to promote national interests. The failure of diplomacy will lead to the decline of power of a state.

### **3. Diplomacy and Economic Development**

One state can invade other states in order to get resources. This is the direct use of military power in order to pursue national interests. If that state is powerful enough to win the war, then war is the fastest way to get resources. This strategy, however, is not legitimate in contemporary international politics. The credibility of the state will decrease so it is not an effective way of using power. Power can be used in more a effective way through negotiation and dialogue. These are the functions of diplomacy. With these functions, diplomacy can deal with the promotion of trade and tourism, credibility enhancement, confidence building for investment, and so on. In this respect, some scholars have conducted their studies on the relationship between diplomacy and development through the functions of diplomacy.

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<sup>14</sup> Nancy Snow and Philip M. Taylor, *Routledge Handbook of Public Diplomacy* (Taylor & Francis, New York, 2009), 3.

<sup>15</sup> *Ibid.*, 3.

G. R. Berridge (2010), in his book *Diplomacy: Theory and Practice*, argued that “only diplomacy can produce the enormous advantages obtainable from the cooperative pursuit of common interests, and prevent violence” caused by conflict of interests.<sup>16</sup> He divided this book into three parts in order to examine the roles and nature of diplomacy. The first part is about the art of negotiation which is the integral part of diplomatic relations and the most important function of diplomacy. The second part is about how negotiation can be pursued in different channels when states have normal diplomatic relations. In this part, Berridge examined other functions of diplomacy such as “reporting, lobbying, supporting the activities of businesses from home, assisting distressed nationals, and propaganda.”<sup>17</sup> In the last part of his book, Berridge explored other channels of communication when states do not have diplomatic relations. He believed that there are three important channels, namely “disguised embassies, special envoys, and mediation.”<sup>18</sup>

Diplomacy may promote growth through its role as a channel of communication. This role involves collecting data, reporting, representation, and negotiation. Diplomats are sent abroad to do all these diplomatic tasks. Brian White (2005) said that an “ambassador and his/her staff will attempt to maintain good relations with the host state, to network with local elites, to be present at ... events where home interests need to be promoted – at trade fairs, for example.”<sup>19</sup> The good relations will result in more trade activities that help explore the market for the products from both countries. Thereafter, the economies of the two countries will be promoted.

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<sup>16</sup> G. R. Berridge, *Diplomacy: Theory and Practice*, 4<sup>th</sup> ed (Palgrave Macmillan, the United Kingdom, 2010), 254.

<sup>17</sup> *Ibid.*, 102.

<sup>18</sup> *Ibid.*, 208.

<sup>19</sup> Brian White, “Diplomacy,” in *The Globalization of World Politics*, 3<sup>rd</sup> ed. Jonh Baylis & Steve Smith (Oxford University Press, New York, 2005), 397.

Moreover, White suggested that, in the fast changing world, diplomatic relations became much more complicated so diplomats should be trained with specific skills in order to communicate well with the host state.<sup>20</sup>

Last but not least, *Fixing Failed States* (Ghani and Lockhart, 2008) provided comprehensive understanding on how states survive and suggested what the international community should do to make one state function. The book argued that the international community does not respond correctly to a state's failure due to the lack of information and communication.<sup>21</sup> The international community has little information on what a failed state needs in order to promote development and how to support the failed state since all types of information are different from state to state based on each state's characteristics and profiles. The international community, however, gives the same solutions to every state they support regardless of each state's conditions. These solutions seem like "one size fits all." In this regard, diplomacy could play an important role. Each state needs to set a policy to express their desire on any specific priority areas and/or let his/her diplomats negotiate with the international community about their pressing interests for development. By so doing, they can make sure that the international community fully understands what they really need and provide assistance on the priority areas of each state.

In short, we can argue that diplomacy has some impacts on the development of state. Diplomacy, which helps promote trade, tourism, and Foreign Direct Investment (FDI), could increase the national income of a state. Furthermore, diplomats need to have specific skills,

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<sup>20</sup> Brian White, "Diplomacy," in *The Globalization of World Politics*, 3<sup>rd</sup> ed. Jonh Baylis & Steve Smith (Oxford University Press, New York, 2005), 402.

<sup>21</sup> Ashraf Ghani and Clare Lockhart, *fixing Failed States* (Oxford University Press, New York, 2008), 5.

especially skills in negotiation and persuasion, and other related knowledge in order to perform their jobs well.

#### **4. Conceptual Chart**

We divide the chart in figure 2.1 into two parts with diplomacy as the central point. As we could see from the upper part of the chart, diplomacy could affect economic development through strengthening the power of a state that subsequently increases trade activities and aid, promotes FDI and tourism, and ensures stability. We agree that power is the only means of survival for a state in international politics. Therefore, diplomacy with its ultimate purpose of promoting national interests has to strengthen the power of state. A state should shape its foreign policy in the way that could promote both soft and hard power. A state with strong soft power will attract more tourists, investors, and donors, and promote trade activities through confidence building on the international stage. With hard power, a state could defend itself from war – thus creating a stable environment – and threaten other states with war so that it can have more bargaining power in negotiation. The combination of the two types of power is called “smart power.” Thus, diplomacy should be shaped in the way that can strengthen smart power of state so that it could pursue national its interests and generate growth.

In the lower part of the chart, there are two factors that contribute to diplomacy: the formation of foreign policy and the execution of foreign policy. On one side, diplomacy is the formation of foreign policy. In order to set out a foreign policy, we need to access all elements of our potential or strength which might include natural resources, technology, infrastructure, human capital (labor), military preparedness, and other favorable conditions such as climate, geographic, and demographic conditions. On the other side, in order to achieve successful diplomacy, we need to consider how foreign policy is implemented. In this sense, we need to study three important factors that could enable diplomats to perform their jobs well. The first one

is the working environment. A state should provide its diplomats with their basic needs such as enough salary to feed their family and enough equipment in their office. The second factor is a working ethic. Diplomats themselves should manifest morality in conducting their jobs. They should adhere to the principles of the civil servant and perform their tasks with a view to achieve their national goals. The government also should provide incentives that could motivate them work hard for their country or to help them believe that their national interests are more important than their personal interests. Last but not least, diplomats need to possess certain skills related to their work because diplomats will have to use a high level of discretion in conducting their jobs.

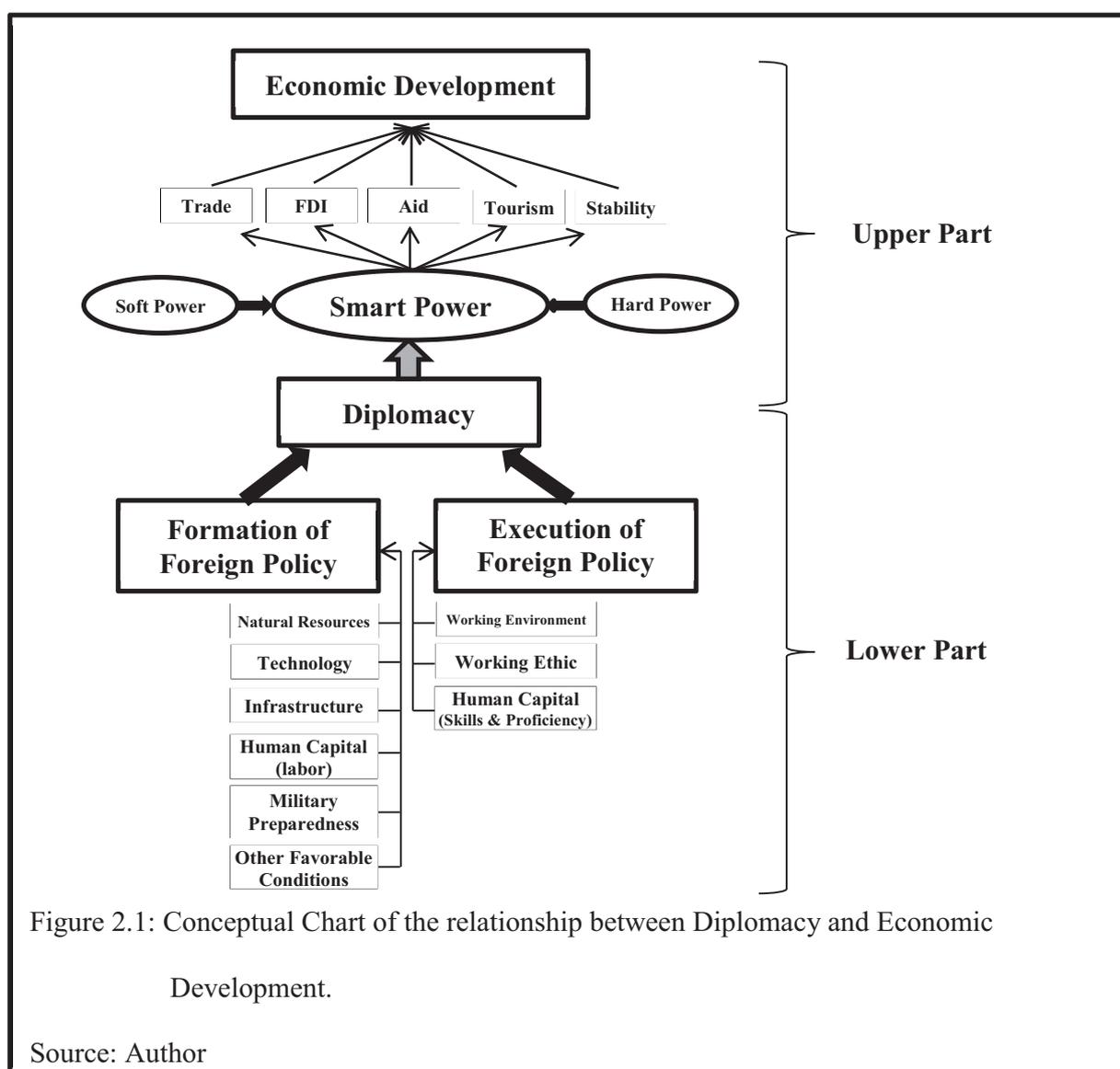


Figure 2.1: Conceptual Chart of the relationship between Diplomacy and Economic Development.

Source: Author

### Chapter III Cambodia's Foreign Policy

#### 1. Regional and International Integration

Cambodia has integrated itself into the region and the world through becoming a member of regional and international organizations, and strengthening its cooperation with other countries in the region and the world. In the effort toward the regional and international integration, Cambodia became a member of Association of Southeast Asian Nations (ASEAN) in 1999<sup>22</sup> and of World Trade Organization (WTO) in 2004.<sup>23</sup> Moreover, Cambodia has joint other regional and sub-regional dialogues such as the Cambodia-Laos-Vietnam Development Triangle (CLV), the Cambodia-Laos-Thailand Emerald Triangle (CLT), the Cambodia-Laos-Myanmar-Vietnam Cooperation (CLMV), Ayeyawady - Chao Phraya - Mekong Economic Cooperation Strategy (ACMECS), and Greater Mekong Sub-Region (GMS) Initiatives. This foreign policy toward regional and international integration has been confirmed as a priority area by the Cambodian government as it has been spelt out in “the Rectangular Strategy” phase I (2004-2008) and phase II (2009-2013).<sup>24</sup>

Through this policy, Cambodia has played a more active role on dealing with regional and global issues through exchanging ideas, experiences and best practices. For instance, Cambodia, as the rotating chair of ASEAN, successfully hosted ASEAN meetings and the related meetings in 2002. This achievement allowed Cambodia to further promote its credibility, build trust among foreign investors, and obtain international recognition. Samdech Hun Sen,

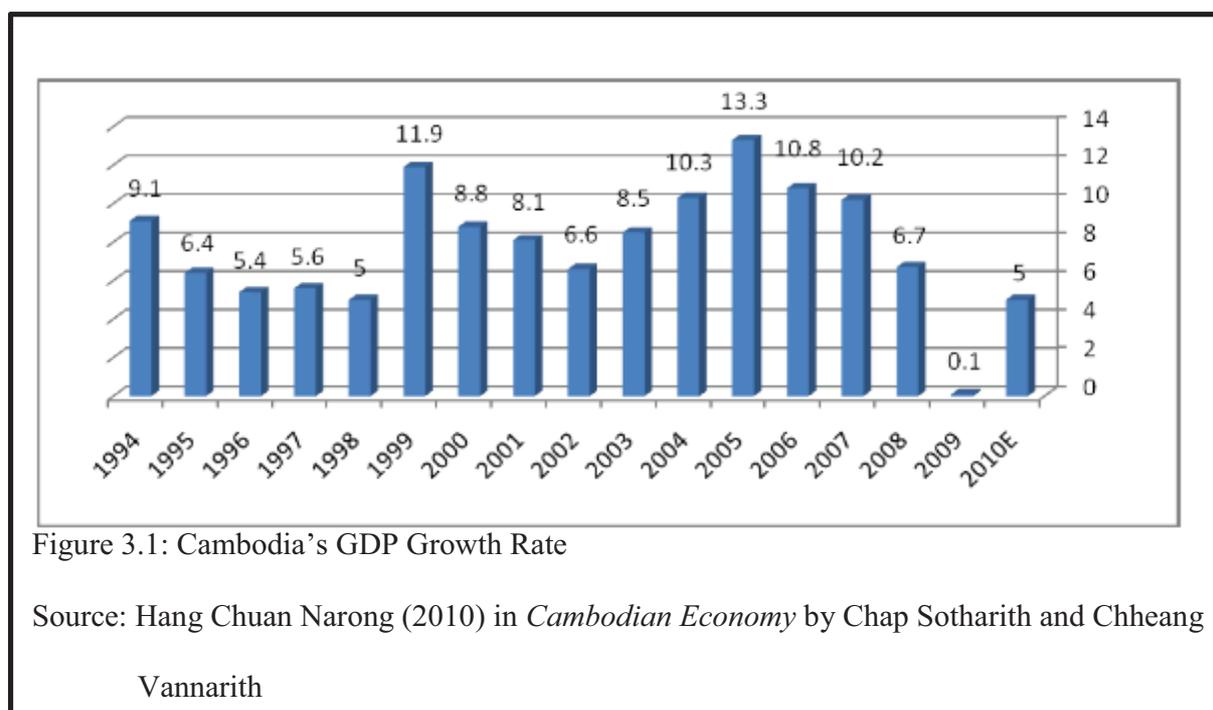
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<sup>22</sup> Secretariat of the Association of Southeast Asian Nations, *about ASEAN: Overview*.  
[http://www.asean.org/about\\_ASEAN.html](http://www.asean.org/about_ASEAN.html).

<sup>23</sup> World Trade Organization, *Accessions: Cambodia*.  
[http://www.wto.org/english/thewto\\_e/acc\\_e/a1\\_cambodge\\_e.htm](http://www.wto.org/english/thewto_e/acc_e/a1_cambodge_e.htm).

<sup>24</sup> “The rectangular strategy” is the master plan of the Cambodian government. At the beginning of each mandate, the government needs to present the National Assembly a strategy which lists out all prioritized areas to be implemented for the whole mandate of the government.

Prime Minister of Cambodia, concluded at the 2010 Asialink Conversations on September 4, 2010 that from the period of joining ASEAN in 1999 until 2003 Cambodia achieved its average economic growth of 8.8%<sup>25</sup> (Also see figure 3.1).



Another milestone of successful policy with regard to regional and international integration was the successful admission of Cambodia to the WTO in 2004. Figure 3.1 shows that after joining the WTO in 2004, Cambodian economic growth reached two-digit average rates of 11.4 percent from 2005 to 2007. The growth rate jumped from 10.3 percent in 2004 to 13.3 percent in 2005 and sharply decreased to 6.7 percent and 0.1 percent in 2008 and 2009, respectively, due to the global financial crisis. The Cambodian economy bounced back from the crisis to reach a 6 percent growth rate in 2010.<sup>26</sup> All these numbers reveal that the government

<sup>25</sup> Samdech Hun Sen, Address at the 2010 AsiaLink Conversations – Cambodia. [http://www.cnv.org.kh/2010\\_releases/04sep10\\_asialink\\_speech.htm](http://www.cnv.org.kh/2010_releases/04sep10_asialink_speech.htm).

<sup>26</sup> Ministry of Economy and Finance of Cambodia, *Recent Macro-economic Indicators: Cambodia's Real GDP Growth rate*. <http://www.mef.gov.kh/>.

policy of regional and international integration is moving forward and is pushing economic development. Cambodia has gained a number of benefits from the implementation of this policy including trade, FDI, aids, tourism, and security cooperation which are the basic elements to push the economic growth in Cambodia.

*a. Trade*

Integration with the region and the world means openness of markets. This open market policy has facilitated trade activities since the government has to reduce import taxes and remove other non-trade barriers to allow freer flow of goods into Cambodia and from Cambodia to the world. By so doing, Cambodia not only increases the flow of foreign commodities into Cambodia, but also helps find markets for its domestic products. By joining ASEAN in 1999, Cambodia was admitted to the ASEAN Free Trade Agreement (AFTA) in which Cambodia has to adhere by the principles under “the common effective preferential tariff (CEPT) scheme” to allow freer flow of goods within the ten member countries of ASEAN.<sup>27</sup> By joining the WTO in 2004, Cambodia has opened its market to the world, especially to those countries which are the members of this organization. Cambodia could get benefits from the implementation of Generalized System of Preferences (GSP) in which Cambodia as a developing country can get “non-reciprocal preferential treatment” from developed countries such as zero or low import duties.<sup>28</sup> In sum, openness of market allows freer trade.

Freer Trade could boost economic growth by creating more jobs. The EU Commission, for example, indicated that the creation of its single market helps increase up to 300.000-900.000

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<sup>27</sup> Philippines Tariff Commission, *the ASEAN Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area*. <http://www.tariffcommission.gov.ph/afta-cep.html>

<sup>28</sup> World Trade Organization, *Main Legal Provisions*. [http://www.wto.org/english/tratop\\_e/devel\\_e/d2legl\\_e.htm](http://www.wto.org/english/tratop_e/devel_e/d2legl_e.htm)

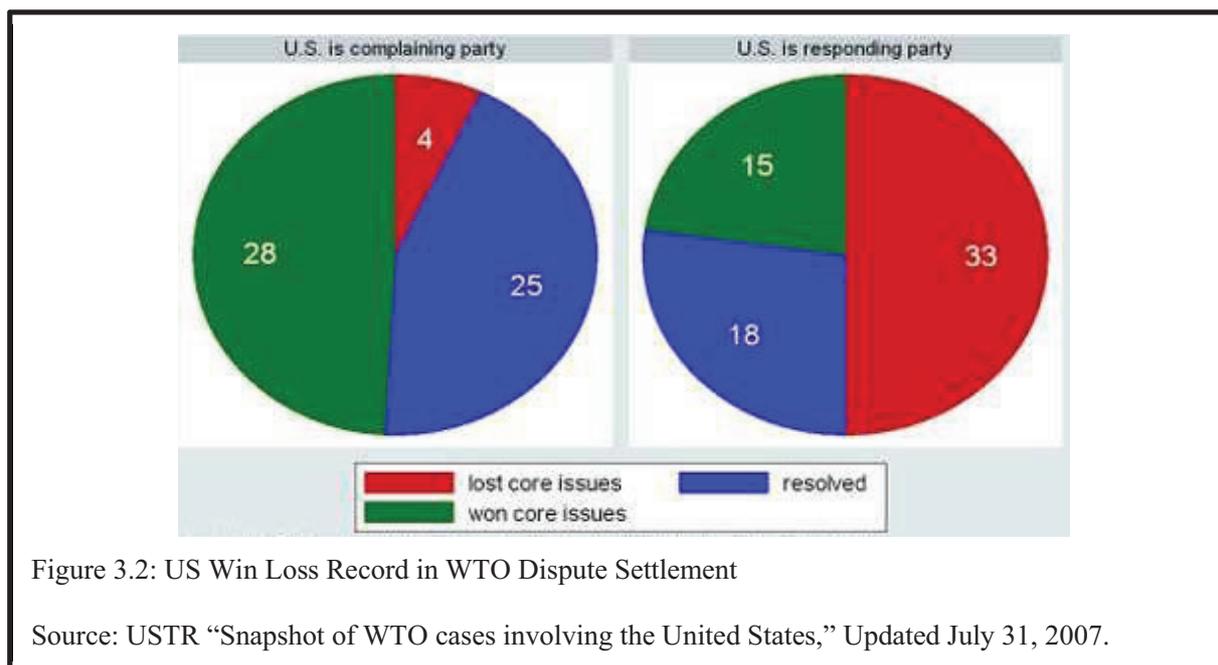
more jobs in the region.<sup>29</sup> Furthermore, some may believe that the free flow of goods from foreign industries will decrease employment by taking over domestic industries. However, it is not always the case because Cambodia, as a developing country, could use a safeguard mechanism, which is allowed by WTO, to defend its infant industries if it believes that those industries are too weak to compete with foreign industries.

WTO governs trade relations in compliance with certain rules in order to ensure smoother, freer trade activities. In order to enforce those rules, WTO has a dispute-settlement mechanism under which all member states can bring complaints related to trade issues to the WTO. In this regard, Cambodia, like other small countries with limited power, can conduct trade with superpowers such as the United States and European Union in a fairer manner. Small countries can complain to the WTO about any violations over trade agreements from those superpowers in this dispute-settlement mechanism. Figure 3.2 shows the win-loss record of the United States in WTO dispute-settlement cases. It seems that the United States does not do well as a responding party. The United States lost 33 cases out of 66 cases as a responding party while losing only 4 cases among 67 cases as a complaining party.<sup>30</sup> In sum, this figure shows that the United States as a superpower could also lose a case in the WTO dispute-settlement mechanism. Therefore, by joining WTO Cambodia can carry on trade with more powerful states in a more equal, rule-based manner. It means that the power of this small country is being promoted by WTO mechanism.

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<sup>29</sup> World Trade organization, *THE 10 BENEFITS: 7. Growth and jobs*.  
[http://www.wto.org/english/thewto\\_e/whatis\\_e/10ben\\_e/10b07\\_e.htm](http://www.wto.org/english/thewto_e/whatis_e/10ben_e/10b07_e.htm).

<sup>30</sup> The Custom-House, *How is the U.S. Doing in WTO Litigation?*  
[http://benmuse.typepad.com/custom\\_house/wto\\_dispute\\_settlement/](http://benmuse.typepad.com/custom_house/wto_dispute_settlement/).



Overall, we can argue that Cambodia has gained benefits in terms of trade from the implementation of its policy of regional and international integration. By looking at figure 3.3,<sup>31</sup> we can see that the total account of Cambodia’s trade activities sharply increased from USD 5,858 million in 2004 to USD 11,217 million in 2008. That was two-times augmentation in 4 years after Cambodia’s admission to WTO in 2004. While going down slightly to USD 9,355 million in 2009 due to the global financial crisis, it bounded back to USD 12,000 million<sup>32</sup> the following year and was estimated to go up to USD 15,246 million<sup>33</sup> in 2012. This means that by the year 2012, the aggregate account of Cambodia’s trade activities is estimated to rise almost three-fold comparing to those in 2004 when Cambodia joined WTO.

<sup>31</sup> The two bar charts in figure 3.3 have small different data in year 2007 and 2009. The left bar chart is more accurate since it was presented by His Excellency Hang Chuan Narong, Secretary of State of the Ministry of Economy and Finance of Cambodia.

<sup>32</sup> We sum the exports and imports in the right bar chart in figure 3.3 in year 2010:  $5,200 + 6,800 = 12,000$ .

<sup>33</sup> We sum the exports and imports in the right bar chart in figure 3.3 in year 2012:  $6,640 + 8,606 = 15,246$ .

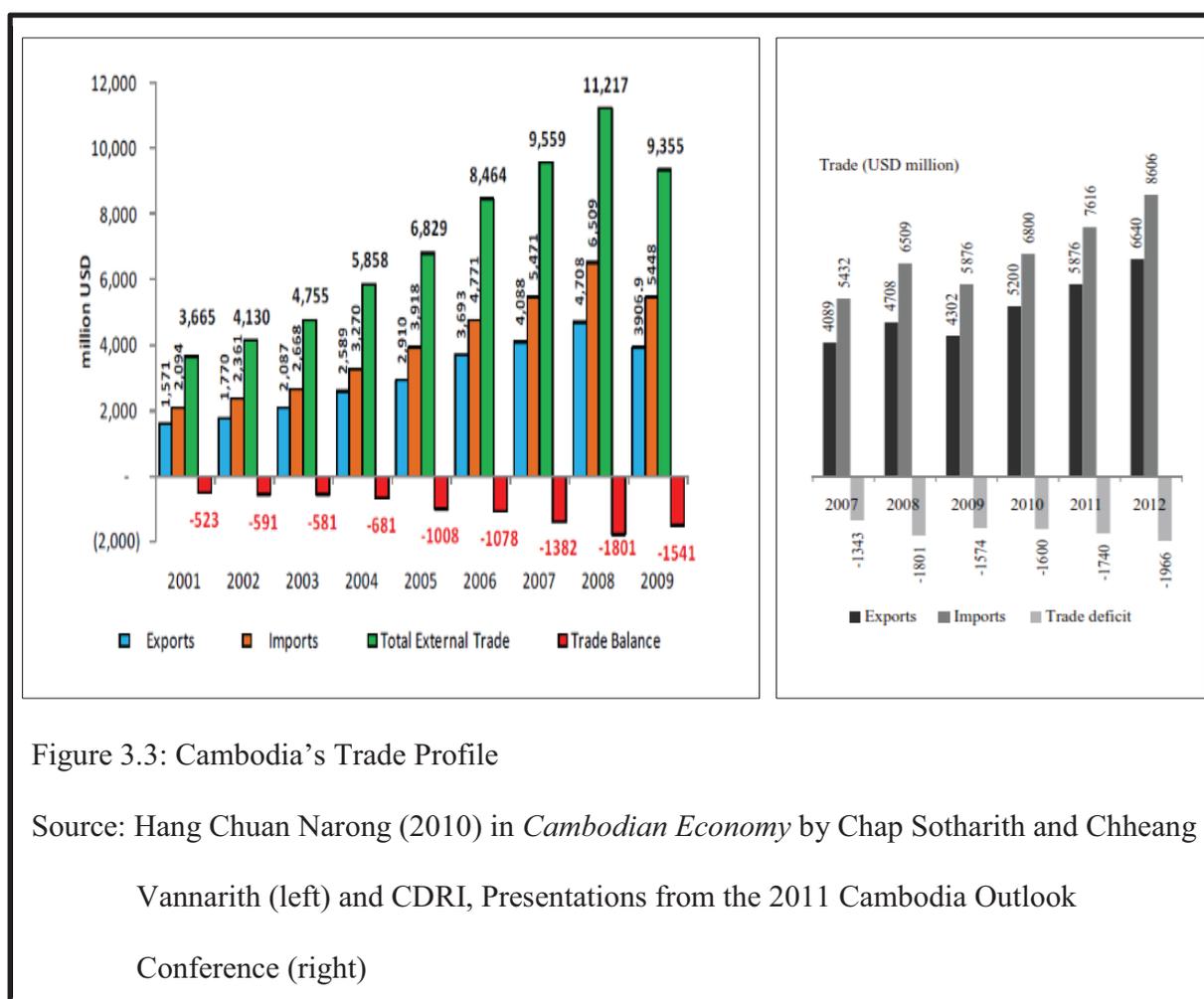


Figure 3.3: Cambodia's Trade Profile

Source: Hang Chuan Narong (2010) in *Cambodian Economy* by Chap Sotharith and Chheang Vannarith (left) and CDRI, Presentations from the 2011 Cambodia Outlook Conference (right)

### *b. Foreign Direct Investment*

The most important goal of regional and international integration is to invite FDI to Cambodia because FDI could promote economic growth for many reasons. First, inviting FDI means bringing capital into Cambodia. Once investors decide to set up their plants or companies in Cambodia, they will bring a lot of money to construct their buildings and buy land and other materials that could support the operation of their companies. Moreover, they will use their money to do business in this country. Second, FDI will not only bring capital but also technology and know-how. Investors will also bring their expertise and machinery to Cambodia. In order to use the labor in this country, they have to train Cambodian workers how to use the new

technology, so Cambodia will be able to get the technology and know-how. Third, FDI could decrease the trade deficit by increasing domestic production. Needless to argue, FDI will contribute to the domestic production. Once Cambodia has more production, it will have the potential to export more. Therefore, when the aggregate exports are larger than imports, Cambodia will achieve trade surplus. Fourth, FDI could create jobs.

Chap and Chheang (2010) have summed up their findings on the reason why investors decide to invest in Cambodia in the following quotation:

[I]t is found that low labor cost, robustly growing economy, macroeconomic stability, political stability, investment incentives, equal treatment of investors, and low tax rate are the most significant and necessary factors influencing investors' perceptions (both domestic and foreign investors) to decide to invest in Cambodia.<sup>34</sup>

In this regard, we can say that the said elements including “low labor cost, robustly growing economy, macroeconomic stability, political stability, investment incentives, equal treatment of investors, and low tax rate” are the soft power of Cambodia in order to attract foreign investors to conduct their business in Cambodia.

Furthermore, integrating the economy into the region and the world will make foreign investors to see Cambodia as a bigger market. For example, Cambodia with the current status of a least developed country (LDC) can export its products to the United States and European Union with a zero or low tariff rate. Thus, any firms that want to export their products to the U.S. and EU markets should want to establish their operations in Cambodia. In this sense, the amount of FDI in Cambodia took a sharp leap from USD 210 million in 2004 to USD 962 million in 2005 one year after Cambodia joined WTO. The number continued to go up to USD 3,467 million in 2006 while slightly decreasing to USD 1,925 million in 2007. The FDI in Cambodia eventually peaked at USD 11.3 billion in 2008 (see table 3.1). The augmentation in FDI from

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<sup>34</sup> Chap Sotharith and Chheang Sovannarith, *Cambodian Economy (CICP E-Book No.5, Phnom Penh, 2010)*, 30.

2004 to 2008 shows that after joining WTO, Cambodia could attract more foreign investors by making itself a larger market for them, especially those who are interested in the U.S. and EU markets (See figure 3.4).

FDI 1994-2009 (April)	Number of Projects	Capital
1994	86	505,698,494
1995	125	2,243,450,373
1996	184	763,062,160
1997	205	744,510,560
1998	144	853,924,698
1999	91	447,921,269
2000	61	218,037,881
2001	39	204,683,613
2002	31	234,552,572
2003	41	224,739,166
2004	52	210,440,247
2005	91	962,378,619
2006	86	3,467,851,383
2007	90	1,925,728,571
2008	121	11,363,211,932
2009 (up to April)	n/a	928,000,000
<b>1994-2009</b>	<b>1447</b>	<b>25,298,191,538</b>

Table 3.1: Approved FDI in Cambodia

Source: Database from the Council for the Development of Cambodia (CDC)

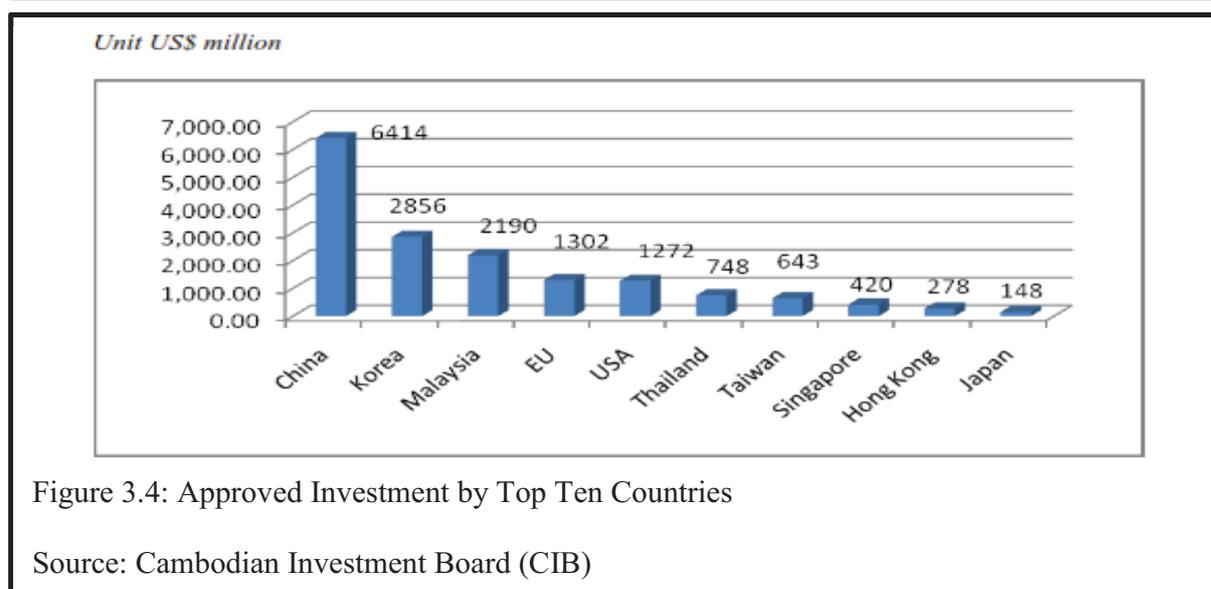


Figure 3.4: Approved Investment by Top Ten Countries

Source: Cambodian Investment Board (CIB)

*c. International Assistance*

International assistance in global politics is inevitably related with political and humanitarian purposes. As an effect of the cold war, although the Cambodian government was so much in need of foreign assistance, it could hardly receive them from the western countries due to the differences in political ideology. In this regard, we can argue that international assistance to the Cambodian government since 1979 has been more related to political than humanitarian purpose.

After almost four years of Pol Pot's regime (1975-1979), most of Cambodian infrastructure such as roads, schools, and bridges, was destroyed. For this reason, some people in Cambodia called 1979 "year zero." Since then, the Cambodian government embarked on various programs to build up its devastated country with a very limited budget. During the period from 1979 to 1991 when the world was still influenced by the cold war, Cambodia was considered to be in the Eastern Bloc due to its planned economy. Therefore, the Western Bloc conducted the policy of isolating Cambodia by not offering any development assistance to this country. During that time, "western donors, Japan, China, the ASEAN countries"<sup>35</sup> provided only emergent assistance, partly through Non-Governmental Organizations and partly to the resettlement camps along Cambodian-Thai border where many Cambodian people fled during Pol Pot's regime. The Cambodian government, however, received USD 300 million from the former Union of Soviet Socialist Republic in 1979-1981.<sup>36</sup>

After the end of the cold war, Cambodia changed its foreign policy toward Western countries by shifting from a planned economy to a market economy in order to gain credibility with Western countries. Hence, the Cambodian government received development assistance

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<sup>35</sup> [http://ocm.gov.kh/c\\_ia1.htm](http://ocm.gov.kh/c_ia1.htm).

<sup>36</sup> Ibid.

from the Western Bloc for the first time through United Nations for Transitional Authority in Cambodia (UNTAC).<sup>37</sup> UNTAC spent USD 1.6 billion for its peacekeeping operation in Cambodia.<sup>38</sup> Thereafter, Japan convened a Ministerial Conference on Reconstruction and Rehabilitation of Cambodia in Tokyo in June 1992 in which a total of USD 880 million<sup>39</sup> was pledged to support development programs in Cambodia. Moreover, as we can see from the figure 3.5, although there is a small decline in 2007, the trends in development assistance to Cambodia kept going up from USD 438.8 million in 2005 to USD 761.8 million in 2010. It was almost two-fold increase.

In addition, Cambodia acceded to ASEAN and other regional and sub-regional cooperation to get more assistance through various projects implemented under the framework of those organizations. For instance, there is fund for “Initiative for ASEAN Integration” (IAI) in which ASEAN Six countries including Singapore, Malaysia, Indonesia, Brunei, Thailand, and the Philippines provide funds to support the new members of ASEAN, namely Cambodia, Laos, Myanmar, and Vietnam (CLMV), so as to narrow the development gap within ASEAN countries. Another example is “CLV Development Triangle cooperation.” Cambodia, together with Laos and Vietnam, established a so-called “CLV Development Triangle” at the juncture of the three countries’ borders so that they, together as one voice, can call for support from Japan in that specific location.

To sum up, the trends in development assistance to Cambodia has been more related to political purposes than humanitarian purposes. In this sense, the Cambodian government shifted

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<sup>37</sup> UNTAC is a United Nations Peace keeping Operation in Cambodia from March 1992 to September 1993.

<sup>38</sup> <http://www.un.org/Depts/DPKO/Missions/untac.htm>.

<sup>39</sup> Katsuhide Takahashi, *Role of Reconstruction Assistance in the Developing Countries After Warfare* (Kobe University Economic Review 50, 2004), 87.

its foreign policy in order to get more credibility and trust from the western world so that it could get more development assistance from those countries. Moreover, the Cambodian government tried to join regional and sub-regional organizations such ASEAN and the CLV Development Triangle in order to take advantages from the projects under the framework of those organizations.

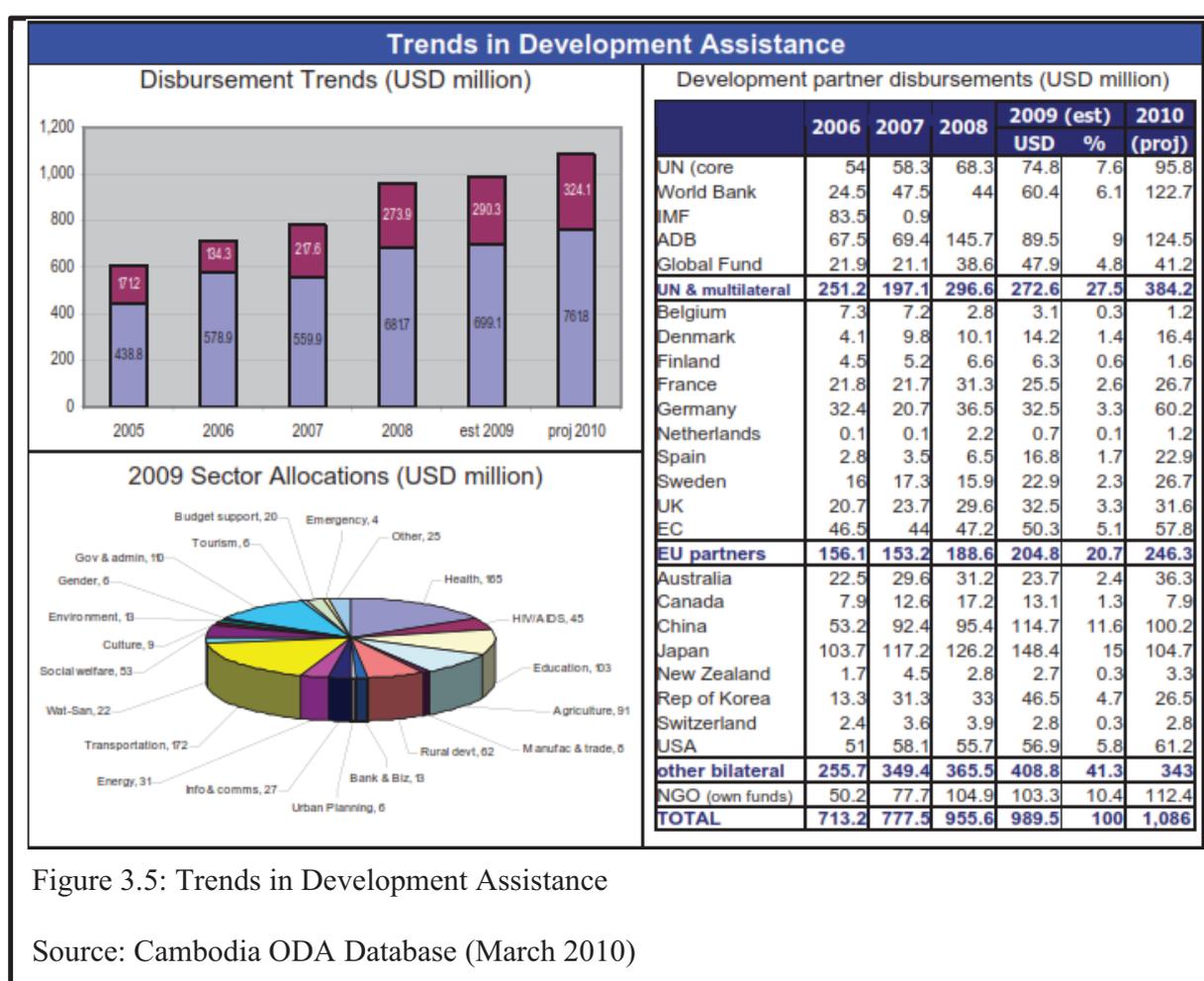


Figure 3.5: Trends in Development Assistance

Source: Cambodia ODA Database (March 2010)

#### d. Tourism

The tourist sector could contribute to economic growth through creating more jobs for Cambodian people and bringing capital and investment to Cambodia. When the number of tourist arrivals in Cambodia increases, the employment and investment in the tourist sector such as hotel services, restaurants, and tour agencies will also rise. Moreover, tourist arrivals could

increase the government budget through visa fees and ticket fees to enter any specific tourist sites. As far as the tourist sector is concerned, the Cambodian government has focused on cultural and nature tourism since this country is rich in these two factors. There are a lot of ancient temples with great architecture located all over the country. The well-known Angkor Wat temple attracts a lot of tourists from the region and around the world each year. Beyond cultural tourism, Cambodia has a lot of nature tourist sites such as waterfalls, beaches, community-based tourism, wildlife visits, and so on. Thanks to these favorable conditions for tourism, the Cambodian government is able to set out various policies in order to further promote this sector.

With regard to foreign policy, the Cambodian government believes that integrating into the region will help promote tourism in Cambodia. For example, joining ASEAN in 1999 enabled Cambodia to further promote tourism among other ASEAN member countries. The ASEAN Tourism Agreement (ATA), which was adopted in Cambodia in 2002, was a regional instrument to enhance cooperation on tourism among ASEAN member states by facilitating travel of tourists within and into ASEAN, promoting ASEAN as a “single tourist destination,” exempting visas for ASEAN countries’ nationals based on bilateral agreements.<sup>40</sup> Furthermore, Cambodia gained international prestige and illustrated its political stability and security through successfully hosting the 8<sup>th</sup> ASEAN Summit, ASEAN Plus Three Summit, ASEAN Plus One Summits with China, Japan, Republic of Korea, and India, and ASEAN Regional Forum in 2002, giving tourists confidence about their security when going to Cambodia.

In sum, thanks to the policy of regional integration, Cambodia is better able to promote its tourist sector. As we can see from the table 3.2, the number of tourist arrivals in Cambodia kept increasing from 367,743 in 1999 to 2,508,289 in 2010. It is worth noting that the number falls in 2003 and 2008-2009, but it is not because the government policy; it is because the

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<sup>40</sup> ASEAN Tourism Agreement. <http://www.asean.org/13157.htm>

outbreak of SARS in 2003 and the global financial crisis in 2008 and 2009. In fact, they were the external factors that were far beyond government authority to control.

Years	Tourist Arrivals		Average Length of Stay (days)	Hotels Occupancy (%)	Tourism Receipts (million US\$)
	number	change (%)			
1993	118,183	-	N/A	N/A	N/A
1994	176,617	49.4%	N/A	N/A	N/A
1995	219,680	24.4%	8.00	37.00	100
1996	260,489	18.6%	7.50	40.00	118
1997	218,843	-16.0%	6.40	30.00	103
1998	289,524	32.3%	5.20	40.00	166
1999	367,743	27.0%	5.50	44.00	190
2000	466,365	26.8%	5.50	45.00	228
2001	604,919	29.7%	5.50	48.00	304
2002	786,524	30.0%	5.80	50.00	379
2003	701,014	-10.9%	5.50	50.00	347
2004	1,055,202	50.5%	6.30	52.00	578
2005	1,421,615	34.7%	6.30	52.00	832
2006	1,700,041	19.6%	6.50	54.79	1,049
2007	2,015,128	18.5%	6.50	54.79	1,400
2008	2,125,465	5.5%	6.65	62.68	1,595
2009	2,161,577	1.7%	6.45	63.57	1,561
2010	2,508,289	16.0%	6.45	65.74	1,786

Table 3.2: International Tourist Arrivals, Average Length of Stay, Hotels Occupancy & Tourism Receipts (1993-2010)

Source: Tourism Statistic Report (September 2011)

## 2. Security Cooperation

According to M. M. Goel, peace should be placed above everything since it is “an index of progress and happiness in every nation.”<sup>41</sup> Therefore, before talking about promoting economic growth, we should care about the national security, stability, and peace within our country because they are very important for states to survive in international politics and are the basic elements for development in general. In this regard, the Cambodian government has made significant efforts in building peace, security, and stability in its country. In domestic affairs, Cambodia ended its civil war in 1999 through the implementation of the “win-win policy” of the

<sup>41</sup> M. M. Goel, *Making World Peace Day* (2011).  
[http://www.koreatimes.co.kr/www/news/opinion/2011/11/137\\_98887.html](http://www.koreatimes.co.kr/www/news/opinion/2011/11/137_98887.html)

government, in which all military fractions could join the government without fear of punishment. Since then, Cambodia achieved national reconciliation and political stability throughout the whole country. Cambodia has also embarked on comprehensive reform of the Cambodian armed forces by transforming them to professional forces, equipped with modern technology.<sup>42</sup> This does not mean that we train our military to wage war against any country but to be ready to defend our national security. In foreign affairs, Cambodia has been trying to strengthen its hard and soft power in order to maintain its national security and pursue national interests.

In terms of hard power, Cambodia has strengthened its military cooperation with other countries in the region and the world by sending its military personnel to conduct training in other countries, for example Indonesia, and doing military exercises with other countries. For instance, in 2010 Cambodia hosted a multinational peacekeeping military exercise with other 23 countries, namely Australia, Bangladesh, Brunei, China, England, France, Germany, India, Indonesia, Japan, Laos, Malaysia, Mongolia, Nepal, New Zealand, the Philippines, Russia, Singapore, South Korea, Thailand, Tonga, the United States, and Vietnam. Similarly, In 2011 Cambodia and the United States co-organized a military exercise, entitled “Angkor Sentinel 2011.”<sup>43</sup> What’s more, as a member state of ASEAN, Cambodia has joined the Treaty of Amity and Cooperation (TAC) with the aim to promote peace, amity, and cooperation among ASEAN member states and other countries which are parties to the treaty. With ASEAN, Cambodia can also participates in the ASEAN Regional Forum (ARF) which consists of 27 participating countries including 10 ASEAN member states (Brunei, Cambodia, Indonesia, Laos, Malaysia,

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<sup>42</sup> Royal Government of Cambodia, *Cambodian Rectangular Strategy* (2004), 9.

<sup>43</sup> <http://www.cambodiaun.org/news/20-may-11/102-angkor-sentinel-2011-multinational-military-exercise-begins.html>

Myanmar Philippines, Singapore, Thailand, and Vietnam), 10 ASEAN dialogue partners (Australia, Canada, China, the EU, India, Japan, New Zealand, ROK, Russia and the United States), one ASEAN observer (Papua New Guinea), and other six countries (the DPRK, Mongolia, Pakistan, East Timor, Bangladesh and Sri Lanka).<sup>44</sup> This forum aims to discuss the common concerns on political and security issues so that it could contribute to “efforts towards confidence-building and preventive diplomacy in the Asia-Pacific region.”<sup>45</sup>

In terms of soft power, Cambodia tries to gain international prestige by proposing its candidacy for non-permanent member of the United Nations Security Council (UNSC) for 2013-2014 and contributing to the United Nations Peacekeeping Operations (PKO). Cambodia has proposed its candidacy for non-permanent member of UNSC for 2013-2014 with a view to promote its name on the international stage. If Cambodia wins this title, it will play more active roles in global peace-building processes so that it will contribute to strengthening Cambodian soft power. Moreover, Cambodia has transformed itself from a recipient country of the United Nations peacekeeping operation to a country that contributes to this operation. By 2011, Cambodia sent a total of 577 engineers and de-mining troops in the name of the United Nations peacekeeping forces to Sudan.<sup>46</sup>

In short, the Cambodian government has done well with in terms of reforming its armed forces and promoting international prestige for its country. If Cambodia could maintain the minimum level of its national security and promote the international trust, the amount of trade activities, FDI, tourism, and foreign assistance will increase. This will, therefore, contribute to the economic growth.

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<sup>44</sup> <http://www.dfat.gov.au/arf/>

<sup>45</sup> <http://www.asean.org/18794.htm>

<sup>46</sup> Anne Lemaistre, *Speech to welcome the return of Cambodian peacekeepers from Sudan* (2011). <http://www.un.org.kh/>

## Chapter IV Implementation of Foreign Policy

### 1. Ministry of Foreign Affairs

#### *a. Origin of Ministry of Foreign Affairs*

States conducted foreign affairs long before the creation of ministries of foreign which were solely responsible for and administered their foreign affairs. In the sixteenth century, the first foreign ministry was established in France when Henry III gave all responsibility for foreign affairs to Louis de Revol, one of his secretaries of state. Thereafter, Britain created its foreign office in 1782; the United States in 1789; China, Japan, and Turkey in the middle of nineteenth century.<sup>47</sup> There are two trends suggesting why ministries of foreign affairs were needed. First, when the responsibility for foreign affairs was divided to different units of a state, there was inconsistency in the making and implementation of foreign policy. In this regard, one unit was needed to coordinate and be responsible for the formation and implementation of foreign policy. Second, the activities of foreign relations with other states increased from time to time. The quantity of correspondence between a state and its resident missions abroad also increased so there was a need for the creation of a foreign ministry to support these increasing activities. A ministry of foreign affairs, therefore, was responsible for staffing and financing those resident missions and keeping archives as well.<sup>48</sup> Ministries of foreign affairs are named differently from state to state.<sup>49</sup> Some states add some words in prioritize the task of the ministry and some to include certain duties. For example, France and Austria inserted the word “European” to the titles of their foreign ministries to show that European people are not foreigners to them (See

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<sup>47</sup> G. R. Berridge, *Diplomacy: Theory and Practice*, 4<sup>th</sup> ed (Palgrave Macmillan, the United Kingdom, 2010), 6.

<sup>48</sup> *Ibid.*, 5-6.

<sup>49</sup> As for Cambodia, it is Ministry of Foreign Affairs and International Cooperation.

table 4.1).<sup>50</sup> To conclude, ministries of foreign affairs were established because of the increasing interactions between states and the inconsistency of formation and implementation of foreign policy.

Country	Titles of Ministries of Foreign Affairs
Australia	Department of Foreign Affairs and Trade
Austria	Federal Ministry for European and International Affairs
Belgium	Ministry of Foreign Affairs, Foreign Trade, and Development Aid
Benin	Ministry of Foreign Affairs and African Integration
Botswana	Ministry of Foreign Affairs and International cooperation
Brazil	Ministry of External Relations ('Itamaraty')
Croatia	Ministry of Foreign Affairs and European Integration
France	Ministry of Foreign and European Affairs ('Quai d'Orsay')
India	Ministry of External Relations ('South Block')
Italy	Ministry of Foreign Affairs ('Farnesina')
Japan	Ministry of Foreign Affairs ('Gaimusho')
Malaysia	Ministry of Foreign Affairs ('Wisma Putra')
PRC	Ministry of Foreign Affairs
Senegal	Ministry of Foreign Affairs, the African Union, and Senegalese Abroad
South Africa	Department of International Relations and Cooperation
Spain	Ministry of Foreign Affairs and Cooperation
United Kingdom	Foreign and Commonwealth Office ('Foreign Office' or 'FCO')
United States	Department of State ('Foggy Bottom')

Table 4.1: Titles of Ministries of Foreign Affairs

Source: G. R. Berridge, *Diplomacy: Theory and Practice*.

### ***b. Roles of Ministry of Foreign Affairs***

A ministry of foreign affairs is the national brain of a state in formulating foreign policy in order to promote national interests and protect national security. Ministries of foreign affairs from different states have different functions depending on the priority of their foreign policy.

<sup>50</sup> G. R. Berridge, *Diplomacy: Theory and Practice*, 9.

According to the sub-decree No. 77 ANK/BK dated August 20, 1999 on the preparation and operation of the ministry of foreign affairs and international cooperation of Cambodia, the ministry has the following functions:

- (1) Protection of independence, sovereignty, and territory of the kingdom of Cambodia as well as upholding national dignity and prestige;
- (2) Formation and implementation of Cambodian foreign policy;
- (3) Representing the Royal Government of Cambodia (RGC) in bilateral and multilateral negotiations with other countries;
- (4) Being the sole diplomatic channel in communicating with other countries and international organizations;
- (5) Strengthening and expanding diplomatic relations, consular relations, and international cooperation with other countries and international organizations;
- (6) Finding out and reporting to RGC the situation and the development of all important international news;
- (7) Representing and protecting national interests and the interests of Cambodian people as well as national dignity in the international stage in accordance with domestic and international laws;
- (8) Leading and managing Cambodia's resident missions abroad;
- (9) Cooperating with relevant authorities in overseeing the presence and activities of all foreign resident missions of other states, international organizations, and non-governmental organizations (NGO) in Cambodia in accordance with domestic and international laws and international customs; and

- (10) Coordinating and preparing for visits of Cambodian delegations in other countries as well as facilitating and preparing for official missions and official visits of foreign delegations to Cambodia.

All of the ten functions are very important for protecting national interests and upholding national dignity and prestige. However, the first two functions are considered more closely related to protecting the national security and pursuing national interests which are the basic factors for economic growth.

## **2. Resident Missions Abroad**

Diplomats who work in the resident missions abroad are the “eyes,” “ears,” “mouth,” and “fingertips” of their ministry of foreign affairs. They, therefore, have to provide reports to the ministry on any developments happening in the host country. According to article 26 of sub-decree No. 77 ANK/BK of Cambodian government, ambassadors are the representatives of the government in all sectors. Their duties have to be compliance with the policy guidelines set by the ministry. There are three way of representing the government: “symbolic, legal, and political.”<sup>51</sup>

### ***a. Symbolic Representation***

Ambassadors represent their foreign minister or head of government at any occasion to which they are invited. They receive or extend congratulations or condolences on behalf of their government. For example, upon acceptance from the ministry of foreign affairs and international cooperation, the royal embassy of Cambodia to Vietnam hosted a reception in commemoration of the Cambodian Independence Day of 1953. This reception was not the personal honor of the ambassador but was a symbolic representation to show the dignity and prestige of Cambodia.

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<sup>51</sup> Hans J. Morgenthau, *Politics Among Nations*, 7<sup>th</sup> ed revised by Kenneth W. Thompson and W. David Clinton (McGraw-Hill/Irwin, New York, 2006), 542.

***b. Legal Representation***

According to orders from home country, ambassadors can sign any international agreements and cast their votes in the name of their country. They also protect the interests of their citizens who study, work, or conduct official missions abroad. For instance, the royal embassy of Cambodia to the Republic of Korea protects the interests of Cambodian workers who work in this country. Furthermore, on behalf and in accordance with the instruction and policy guidelines of the government, ambassadors also make decisions or negotiate with other states to pursue their national interests. In this regard, ambassadors are required to have a certain level of knowledge in related field so that they make the right decision or bring the right information back to the home country.

***c. Political Representation***

Diplomats at resident missions abroad help their ministry of foreign affairs form their foreign policy. Diplomats bring information related to political, economic, and social development from the country where they reside to their home country. These duties are related to reporting and some level of judgment on the information they get. Diplomats will examine the potential power of the host state and report it to the home state so that the ministry of foreign affairs of the home state can shape its foreign policy in accordance with those reports. In this regard, if the host state, for example, is having an aggressive intention towards the home state, the home state will be able to prepare to respond appropriately if necessary.

Moreover, as instructed by their foreign ministry at home, diplomats sometimes have to get citizens as well as politicians in the host state to understand or accept the foreign policy of their home state. This involves tactics of persuasion and/or the threat of force. Diplomats should be able to foresee the expected behaviors of the people of the host country when they use one or

both of tactics. In this respect, diplomats need to use their own discretion on when to use which tactics.

To sum up, diplomats can contribute to strengthening the power of their host state if they perform their duties well. However, if they cannot perform well, they will let its foreign policy be the threat to war with other states. In this sense, diplomats should have a certain level of knowledge or skills in order to perform their duties.

### **3. Other Stakeholders**

We all agree that ministries of foreign affairs and resident missions abroad play a prominent role in the implementation of foreign policy but we observe that there are three relevant stakeholders that usually involve themselves in the implementation process towards economic growth, the ministry of national defense, the ministry of economy and finance, the ministry of commerce, and the chamber of commerce.

#### ***a. Ministry of National Defense***

The ministry of national defense of Cambodia could contribute to the successful implementation of foreign policy through strengthening security cooperation with other states. The ministry can promote security cooperation through exchange of studies in the security field or co-organize military exercises with other countries. Normally, officials from the ministry have more specific skills in security than those from the ministry of foreign affairs so they can negotiate more concretely with other countries in their field. In this regard, the ministry of national defense always appoints a military attaché to the country where security cooperation is considered important. Most of the cases, military attachés are assigned to the neighboring countries. Although military attachés are appointed by the ministry of national defense, they work under the purview of ambassadors because ambassadors are the heads of mission.

***b. Ministry of Commerce***

The ministry of commerce deals with international trade issues. Similar to the ministry of national defense, the ministry of commerce can appoint its officials to work in resident missions abroad under the purview of ambassadors. However, officials from a ministry of commerce are normally nominated as counselor, not attaché. Main duties of trade counselor are to advise ambassadors in the field of trade, promoting exports by discovering markets for domestic products, and inviting FDI to the home country by lobbying or advertising benefits of investing in home country to investors.

***c. Chamber of Commerce***

A chamber of commerce is the representative of the business sector in home country. Its most important role is to promote business and trade activities in home country. To do so, a chamber of commerce always communicates with the private sector from other countries to discuss together their business. When business and trade activities in the country increase, it will create more jobs for the people in the country. What's more, a chamber of commerce could also provide recommendations or suggestion related to business issues so as to make a business environment become more favorable. This will contribute to the economic growth.

In short, beside ministry of foreign affairs and resident missions abroad, the three relevant stakeholders could make positive effects on the economic growth. In this regard, they should involve in the policy making process as well.

## **Chapter V Conclusion**

We have defined diplomacy as the foreign policy and the execution of the foreign policy. On one hand, we see that Cambodia's diplomacy of regional and international integration and security cooperation can contribute to economic growth through promoting trade, FDI, international assistance, tourism, national security. The roles of ministry of foreign affairs, diplomats, and other stakeholders including the ministry of national defense, the ministry of commerce, and chamber of commerce are also imperative to strengthening the power that leads to the promotion of economic growth. On the other hand, we find that this foreign policy also brings some drawbacks as long as Cambodia is not ready to open its economy.

As for trade issues, if Cambodia opens its market without taking care of its infant industries, those industries will go bankrupt and this will create serious problems for the country, in terms of unemployment, inflation, and so on.

Opening the market could attract FDI but the country needs to allow free flow of capital as well. This might create a problem because capital can flow into Cambodia but it can also flow out very quickly. To keep FDI in the country, the government needs to provide a number of incentives such as tax holidays. At the same time, the government also needs to conduct institutional reform including anti-corruption so that it could create favorable environment for FDI to invest more in this country.

As long as the government shows its commitment in conducting certain reforms, the international assistance will keep moving in the country. However, the problem is how to use this assistance effectively and in the way that can provide long-term benefits.

After the government opens its economy and shows the national stability and security, number of tourist arrival has increased sharply. Government has to provide security for those

tourists and needs to diversify the tourist sector in order to attract more tourists. For example, the government has diversified tourist sector from culture to nature tourism.

Overall, we find that the Cambodia's diplomacy has a positive effect on trade, FDI, international assistance, tourism, and national security which are the fundamental elements for this country's economic development. However, the commitment of the government to taking comprehensive institutional reforms in this country plays a more prominent role.

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