Research on the Impact of Chinese Investment on Cambodia's Economic Growth

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Abstract: With the establishment of China-ASEAN free trade area and the deepening of bilateral economic cooperation, especially the implementation of China's "One Belt And One Road" strategy, more and more Chinese enterprises are entering Cambodia, and the scale and quality of China's investment in Cambodia are increasing. While deepening bilateral cooperation, China's investment in Cambodia has also exerted an important impact on Cambodia's economic development and growth.

Keywords: Chinese investment; Cambodia; Economic growth; Impact.

Introduction With the increasing development of the world economic globalization and the rapid development of international trade, international investment and trade activities become more frequent. And with the establishment of China-ASEAN free trade area and the deepening of bilateral economic cooperation, in this context, more and more Chinese companies are starting to invest in ASEAN countries, and it has played a certain role in promoting the local economic development. Along with the deepening of China-ASEAN economic cooperation, China's investment in Southeast Asia has increased, China's investment in Southeast Asia has also become a hot issue in the theoretical and academic circles. Although the theoretical circles have done a lot of research on China's investment and ASEAN, however, there are still few studies on China's investment in Cambodia, and there is no direct research on the topic of "Research on the Impact of Chinese Investment on Cambodia's Economic Growth". Therefore, this study can theoretically enrich and improve the research content of the role of Chinese investment in Cambodia's economic development, and at the same time study the practice and policy of attracting investment in Cambodia, which can also provide theoretical guidance for Chinese enterprises' investment and the introduction of Chinese capital in Southeast Asian countries.

I. Situation of China’s Investment in Cambodia

Cambodia is not only an important member of ASEAN, but also an important country along the Belt and Road in China. The development of trade relations between China and Cambodia is also very rapid. China has invested heavily in the Cambodian market and has made important contributions to promoting Cambodia's economic development. Based on the consulting and statistics of relevant data, the statistics of China's investment in Cambodia in the past ten years are shown in the following table.

Table 1: Statistics on foreign direct investment in Cambodia from 2007 to 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Total foreign investment</th>
<th>China Investment</th>
<th>Increase</th>
<th>Proportion</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>225</td>
<td>103</td>
<td>25.95%</td>
<td>45.78%</td>
<td>1</td>
</tr>
<tr>
<td>2008</td>
<td>232</td>
<td>130</td>
<td>26.21%</td>
<td>56.03%</td>
<td>1</td>
</tr>
<tr>
<td>2009</td>
<td>437</td>
<td>165</td>
<td>26.92%</td>
<td>37.75%</td>
<td>1</td>
</tr>
<tr>
<td>2010</td>
<td>468</td>
<td>77</td>
<td>-53.33%</td>
<td>16.45%</td>
<td>2</td>
</tr>
<tr>
<td>2011</td>
<td>268</td>
<td>97</td>
<td>25.97%</td>
<td>36.19%</td>
<td>2</td>
</tr>
<tr>
<td>2012</td>
<td>277</td>
<td>127</td>
<td>30.92%</td>
<td>45.85%</td>
<td>1</td>
</tr>
<tr>
<td>2013</td>
<td>441</td>
<td>180</td>
<td>41.73%</td>
<td>40.81%</td>
<td>1</td>
</tr>
<tr>
<td>2014</td>
<td>721</td>
<td>368</td>
<td>104.44%</td>
<td>51.04%</td>
<td>1</td>
</tr>
<tr>
<td>2015</td>
<td>678</td>
<td>287</td>
<td>-22.01%</td>
<td>42.33%</td>
<td>1</td>
</tr>
<tr>
<td>2016</td>
<td>864</td>
<td>554</td>
<td>93.03%</td>
<td>64.12%</td>
<td>1</td>
</tr>
</tbody>
</table>
According to the above statistics, we can see that: First, China has long been the main source of foreign investment in Cambodia, China's total investment in Cambodia ranks first in Cambodia's foreign investment for a long time, and China's investment accounts for the main proportion of Cambodian investment. Secondly, China's total investment in Cambodia has increased rapidly, and in a few years, China's investment in Cambodia has increased by more than 20% over a long period of time.

II. The Impact of Chinese Investment on Cambodian Economic Growth

1. Enriched the funds needed for Cambodia's domestic economic construction

   Cambodia has been affected by the prolonged war, its domestic infrastructure equipment has been almost destroyed, and its economic development has been severely hindered. The primary problem facing the country after the restoration of peace is the development of the national economy. At this stage, the main problem facing Cambodia in economic development is the lack of funds. A large part of China’s aid to Cambodia is free of charge. Funding is currently the most urgently needed by the Cambodian government, and Cambodia’s funding needs can be fully met through the above forms of assistance and provide a driving force for economic and social development. China has provided assistance in many infrastructure projects in Cambodia. This behavior in China not only helps Cambodia improve its domestic investment environment, but also provides a sufficient material basis for subsequent economic development and provides better investment for other countries. In addition, many projects in Cambodia that are closely related to economic development are inseparable from China's assistance. For example, the implementation of talent training programs, the development of important resources such as hydropower, and the popularization of basic education and so on.

2. Promote the improvement of Cambodia's social economy and technology

   China’s investment in Cambodia not only brings sufficient funds to the local area, but also greatly contributes to Cambodia’s technological development. The living standards of the Cambodian people are relatively low, and the perennial wars have caused serious damage to various facilities and resources in Cambodia. Industrial development has long been in a backward position, and its types are relatively single. The dependence on agriculture is very high. Chinese companies have invested in technology-intensive industries in Cambodia since 2005, including energy development and
infrastructure, and the forms of investment have also diversified. Chinese-funded power companies need to hire local personnel when contracting hydropower projects, creating many jobs for the local area and alleviating employment pressure. In addition, China's investment in engineering construction in Cambodia has also trained a group of professionals in related technologies, such as mechanical and electrical installations of skilled workers. Through engineering projects, we provide a development stage for these outstanding talents, and at the same time help them improve their technical capabilities.

3. Direct Promotion of Agricultural Economic Development in Cambodia

Rural infrastructure is an area of great concern to the Cambodian government. It is necessary to learn from the relevant experiences and lessons of China's agricultural production. Water conservancy project construction is a major area of Cambodia's economic development. China's capital advantages and technological advantages can be fully utilized in this field. Enhancing the level of agricultural modernization, promoting deep processing of agricultural products and encouraging research on production technologies will enable Cambodia's agricultural economy to further develop and grow, while also increasing agricultural production and creating greater economic value.

III. Conclusions and Policy suggestion

This paper conducts a specific study on the impact of Chinese investment on Cambodian economic growth by using empirical research and literature research methods. Through this study, three conclusions are drawn: 1. China is the main source country of Cambodian investment, and China has a high concentration of investment in Cambodia, whether in investment industry or investment region. The characteristics of degree. 2. Cambodia has a good investment environment, which has a certain attraction for China's investment; 3. Chinese investment has a significant role in promoting Cambodia's economic growth.

Since Chinese investment has a greater impact on Cambodia's economic growth, as Cambodia itself, it should formulate more preferential policies to create a better investment environment to attract and protect Chinese investment and thus promote its own economic growth. First, we must further strengthen cooperation with China, establish closer economic and cultural ties, and attract more Chinese investment. Second, we must introduce more preferential policies, create a good investment environment, and create a safe and reliable environment for Chinese investment. The third is to adjust the structural adjustment of the industrial structure and make full use of the capital, technology and experience of foreign capital to enhance the level of economic development of the country.

Reference:
[2] (Cambodia) Nara. The Role of International Aid: A Case Study of China's and Japan's Aid to Cambodia [D]. Changchun: Jilin University, 2011