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## **Cambodia: Background and U.S. Relations**

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# Cambodia: Background and U.S. Relations

## Summary

Cambodia has made some notable progress, with foreign assistance, in developing its economy, nurturing a civil society, and holding elections that are at least procedurally democratic. A number of significant problems remain, however. Weak legal and financial institutions, corruption, political violence, and the authoritarian tendencies of the Cambodian Prime Minister, Hun Sen, have discouraged foreign investment and strained U.S.-Cambodian relations. U.S. interests in Cambodia include human rights, foreign assistance, trade, and counter terrorism. Several current measures by the United States government reflect human rights concerns in Cambodia. Since 1998, foreign operations appropriations legislation has barred assistance to the Central Government of Cambodia in response to Prime Minister Hun Sen's seizure of power in 1997 and sporadic political violence against the opposition. The United States has also withheld assistance to the Khmer Rouge tribunal unless standards of judicial independence and fairness are met. Despite these restrictions, Cambodia remains the third largest recipient of United States assistance in Southeast Asia after Indonesia and the Philippines. S.Res. 65 would call upon the Government of Cambodia to release Member of Parliament Cheam Channy from prison and to restore the immunity from prosecution of opposition parliamentarians. In 2005, the State Department placed Cambodia in Tier 3 as a country that had not made adequate efforts to eliminate trafficking in persons.

The United States is the largest overseas market for Cambodian goods, mostly textiles and apparel. With the termination of quotas on textiles for WTO member states in 2005, Cambodian exports are threatened by competition from China. Cambodia and other least developed countries (LDCs) are pressing the United States to grant their garment exports preferential treatment. S. 191 and H.R. 886 would grant trade preferences to certain LDCs, including Cambodia.

This report provides historical context, discusses political and economic developments, and raises policy issues in Cambodia that affect U.S.-Cambodian relations. These issues include human rights, bilateral trade, U.S. foreign assistance to Cambodia, terrorism, HIV/AIDS, the Khmer Rouge tribunal, and Cambodia's relations with its southeast Asian neighbors and China. This report will be updated periodically.

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# Cambodia: Background and U.S. Relations

## Introduction

**U.S. Interests.** Cambodia's small size belies its importance to Congress. U.S. involvement in modern Cambodia began with the Vietnam War, the U.S. bombardment and invasion of Cambodia between 1969 and 1973 to attack the Vietcong, and support of General Lon Nol in the coup that overthrew Prince Norodom Sihanouk. In recent times, U.S. interests include human rights, foreign assistance, trade, and counter terrorism.

Several current measures by the United States government reflect human rights concerns in Cambodia. Since 1998, foreign operations appropriations legislation has barred assistance to the Central Government of Cambodia in response to Prime Minister Hun Sen's seizure of power in 1997 and sporadic political violence against the opposition. The United States has also withheld assistance to the Khmer Rouge

tribunal unless standards of judicial independence and fairness are met. Despite these restrictions, Cambodia remains the third largest recipient of United States assistance in Southeast Asia after Indonesia and the Philippines. In February 2005, the Cambodian National Assembly revoked the parliamentary immunity from prosecution of opposition leader Sam Rainsy and two other opposition Members of Parliament. While Sam Rainsy and MP Chea Poch fled the country, MP Cheam Channy was arrested and imprisoned. S.Res. 65 would call upon the Government of Cambodia to release Cheam Channy and upon the National Assembly to restore the immunity of the opposition parliamentarians. In 2005, the State Department placed Cambodia in the Tier 3 category of countries with problems of trafficking in persons, which authorizes sanctions.

### CAMBODIA IN BRIEF

**Population:** 13.6 million  
*Growth rate:* 1.8% (2005 est.)  
**Location:** Borders Thailand, Vietnam, and Laos  
**Area:** 181,040 sq. km. (about the size of Missouri)  
**Capital:** Phnom Penh  
**Ethnic groups:** Khmer 90%; Vietnamese 5%; Chinese 1%; Other 4% (Chams, Burmese, hill tribes)  
**Language:** Khmer (official) 95%; French; English  
**Religion:** Theravada Buddhist 95%; Other 5%  
**Life Expectancy at Birth:** female 62 years; male 56 years (2005 est.)  
**Literacy:** total 70%; female 60%; male 80% (2003)  
**GDP per capita:** \$2,000 (purchasing power parity, 2004)  
**GDP growth:** 5.4% (2004)  
**Government:** Constitutional Monarchy (King Norodom Sihamoni)  
**Economic system:** market economy since 1989  
**Sources:** CIA World Factbook; U.S. Department of Commerce

The United States is the largest overseas market for Cambodian goods, mostly textiles and apparel. With the termination of quotas on textiles for WTO member states in 2005, Cambodian

exports are threatened by competition from China. Cambodia and other least developed countries (LDCs) are pressing the United States to grant their garment exports preferential treatment. S. 191 and H.R. 886 would grant trade preferences to certain LDCs, including Cambodia.

## Modern History

The Kingdom of Cambodia received its independence from France in 1953 under the leadership of the popular king, Norodom Sihanouk. In 1955, Sihanouk abdicated in favor of his father, assuming the post of Prime Minister and head of the ruling party. When his father died in 1960, Sihanouk received the title of Prince. In March 1970, the military forces of pro-American General Lon Nol overthrew the government of Prince Sihanouk in a coup. The Prince fled to Beijing and reluctantly formed an alliance with the Cambodian communists, or Khmer Rouge, against the Lon Nol government. A civil war followed, culminating in the defeat of Lon Nol in April 1975 by the Khmer Rouge. In 1976, the Prince again was forced into exile. During their subsequent three-year brutal reign — which included forced depopulation of the cities and the establishment of rural communes — nearly two million out of a population of eight million Cambodians died through execution, torture, overwork, starvation, and disease. In January 1979, an invasion by Vietnamese forces drove the Khmer Rouge from Phnom Penh and sparked a 13-year civil war. Following the Vietnamese withdrawal from Cambodia in 1989, a United Nations (U.N.)-brokered peace settlement officially ended the war (October 1991) and led to elections for a 120-seat Constituent Assembly in May 1993. Although the royalist FUNCINPEC Party (National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia) won a 58-seat plurality, it agreed to form a coalition government with the Cambodian People's Party (CPP), with 51 seats, after the CPP threatened that it would not accept the election. The establishment of the coalition government with Prince Norodom Ranariddh, head of FUNCINPEC, and Hun Sen, head of the CPP, as co-prime ministers brought fragile political stability to Cambodia.<sup>1</sup>

In 1997, after rising tensions between the coalition partners, Hun Sen staged an armed takeover of the government. An estimated 80-100 Cambodians, including many FUNCINPEC leaders, were killed, and Ranariddh and other politicians fled Cambodia. In the face of considerable international pressure and the withholding of aid by donors, Hun Sen allowed Ranariddh to return to Cambodia and held new parliamentary elections in July 1998, which the CPP narrowly won. Despite charges of election irregularities and post-election violence, the two parties again agreed to form a coalition government, with Hun Sen as Prime Minister and Prince Ranariddh as President of the National Assembly.

In February 2002, Cambodia held its first local (commune) elections. The CPP won a sweeping victory, winning leadership positions in 1,598 of Cambodia's 1,621 communes. FUNCINPEC and the opposition Sam Rainsy Party (SRP) won 10 and 13 of the commune chief positions, respectively, as well as a combined 40% of the

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<sup>1</sup> From 1985 to 1989, Hun Sen served as Prime Minister of the Vietnam-backed People's Republic of Kampuchea.

seats on the commune councils. Although independent monitors praised election day as peaceful, orderly, and transparent, they stopped short of calling the elections free and fair.

**Figure 1. Map of Cambodia**



Source: Map Resources. Adapted by CRS. (K.Yancey 7/7/05).

## Political Developments

**National Elections.** Many observers considered the July 2003 elections to the National Assembly to be an improvement over previous elections, with relatively minor voting irregularities.<sup>2</sup> Furthermore, Cambodia has developed an increasingly vibrant civil society and lively press. Compared to the 1998 national elections, the 2003 voting process was more orderly and transparent, with less government interference.<sup>3</sup> Foreign and domestic non-governmental organizations (NGOs) reportedly played a crucial role in educating voters. However, many experts also stated that the elections were flawed and that the election process in Cambodia still “needs work” — from reducing pre-election violence, intimidation, and vote buying to providing more balanced media coverage and more candidate debates. The Bush

<sup>2</sup> “Summary of Observations of the U.S. Long Term International Observation Group (LTOG) during the Cambodian National Assembly Election, September 2003.” Election monitoring by LTOG was administered by the Asia Foundation and funded by USAID.

<sup>3</sup> Seth Mydans, “Cambodians Get the Hang of Elections,” *International Herald Tribune*, July 28, 2003.

Administration stated that the Cambodian National Election Committee “failed to establish a credible process to resolve election complaints.”<sup>4</sup>

**Political Standoff.** In the July 2003 elections, the CPP won 73 seats in the 123-seat National Assembly, short of the two-thirds majority needed to lead the country on its own. FUNCINPEC and the SRP, with 26 and 24 seats, respectively, formed an “Alliance of Democrats” and vowed not to work with the CPP unless Hun Sen stepped down. Without agreement on a coalition, the National Assembly did not meet, a new government was not formed, and many important decisions were delayed. Hun Sen presided over a care-taker government pending the formation of a coalition. One year later, in July 2004, the National Assembly approved a constitutional addendum forcing a vote on a new government, and elected a coalition government with Hun Sen as Prime Minister and Prince Ranariddh as President of the National Assembly, thereby resuming their uneasy partnership. Opposition MPs asserted that the addendum was unconstitutional and boycotted the vote.

**Opposition Leaders.** On February 3, 2005, the National Assembly voted, by a majority of over two-thirds, to revoke the parliamentary immunity from prosecution of opposition leader Sam Rainsy and two SRP MPs, Chea Poch and Cheam Channy. The parliament took this action in response to Sam Rainsy’s lawsuits against Hun Sen, for alleged involvement in the 1997 grenade attack against opposition demonstrators, and Prince Ranariddh for corruption. While Sam Rainsy and Chea Poch fled the country to escape prosecution, Cheam Channy was arrested and imprisoned. Both Hun Sen and Prince Ranariddh filed defamation lawsuits against Sam Rainsy. Cheam Channy has been charged with “recruiting soldiers for a shadow government.”

The United States government and many observers regarded these actions as politically-motivated and without legal justification. On February 3, 2005, the United States government issued a statement strongly condemning the Cambodian National Assembly’s suspension of the parliamentary immunity of the opposition MPs, saying that “these actions come at a time of growing intimidation of opposition voices in Cambodia.”<sup>5</sup> S.Res. 65, introduced on February 17, 2005, would call upon the Government of Cambodia to release Cheam Channy and upon the Cambodian National Assembly to restore the parliamentary immunity of Sam Rainsy, Chea Poch, and Cheam Channy. In April 2005, Prime Minister Hun Sen stated that Sam Rainsy may return to Cambodia without fear of arrest and that his defamation charges were punishable only by a fine of about US\$1,000. Sam Rainsy has remained abroad, lobbying foreign governments to pressure Hun Sen on human rights issues.

**Political Killings.** Political killings in Cambodia appeared to have been declining somewhat over the past five years. However, between October 2003 and January 2004, at least eight murders of politically active or prominent Cambodians rekindled doubts about the country’s political development and ability to hold a fair and credible Khmer Rouge tribunal. Most of the assailants remain unknown. Many

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<sup>4</sup> “U.S. Government Statement on the Announcement of Cambodian Official Election Results,” U.S. Embassy in Phnom Penh, Aug. 31, 2003.

<sup>5</sup> *States News Service*, February 3, 2005.



analysts suggest that Hun Sen has played a large role in the political violence of the past decade. Some contend that even if Hun Sen were not directly involved, he has had the power, but not the will, to find and prosecute many of the alleged perpetrators and to promote judicial autonomy.<sup>6</sup> The Cambodian government has largely characterized the killings as non-political crimes, vendettas, and vigilantism. The U.S. Department of State reported “four politically motivated and three possibly politically motivated killings” in 2004.<sup>7</sup>

## The Economy

Cambodia, one of the poorest countries in Asia, is categorized as a market economy by the United States Department of Commerce and the Department of State, with 84% of its population engaged in subsistence agriculture.<sup>8</sup> A limited human resource base, weak legal and financial institutions, red tape, corruption, and political strife have hampered economic reforms and discouraged foreign investment. Many politicians and government officials, at various organizational levels and regardless of party affiliation, are involved in patronage and cronyism. In February 2005, Prime Minister Hun Sen, who is regarded as a pragmatic reformist in terms of economic policy,<sup>9</sup> announced a series of economic reforms, although without setting a timetable. These objectives include improving infrastructure, developing commercial laws, reducing the bureaucratic costs of doing business, and discouraging monopolistic trading arrangements.

Nonetheless, the Cambodian economy has grown fairly robustly since 1993, except for the 1997-98 period, when the economy suffered from the effects of Hun Sen’s political coup and the Asian financial crisis. Cambodia’s economy expanded by an estimated 5.4% in 2004. GDP growth is forecasted to drop to about 2.3% in 2005 and to remain under 5% in 2006 and 2007, due to the expiration of the Multi-Fiber Agreement and an expected drop in textile and apparel exports.<sup>10</sup> Tourism and commodity exports are expected to provide the impetus for modest economic growth. In September 2003, the World Trade Organization (WTO) granted membership to Cambodia. The Cambodian Senate approved the country’s accession on September 6, 2004 and Cambodia formally joined the WTO on October 13, 2004.

**Cambodian Textile Exports.** Cambodia’s garment industry employs approximately 220,000-270,000 workers and contributes one-third of the country’s gross national product and 80% of its export earnings. With the termination of

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<sup>6</sup> “U.S. Congress Threatens Conditions on Military Aid to Cambodia.” *Agence France Presse*, July 25, 2003.

<sup>7</sup> U.S. Department of State, Bureau of Democracy, Human Rights, and Labor, *Country Reports on Human Rights Practices — Cambodia*, February 28, 2005.

<sup>8</sup> International Trade Administration, United States Department of Commerce, *Country Commercial Guide FY2002: Cambodia*.

<sup>9</sup> *EIU ViewsWire*, June 19, 2003.

<sup>10</sup> “ADB: Cambodia’s Economy to Grow less than 5% in next 3 Years,” *Dow Jones International News*, April 6, 2005. Cambodia’s economy needs to grow by at least 2% to stay ahead of population growth.

quotas on textiles for WTO member states in 2005, the market for textile and apparel exports has become more competitive. China, for example, has several competitive advantages compared to Cambodia and many other small textile-producing nations, such as high labor productivity, “vertical integration” — the ability to produce all manufacturing inputs domestically, and a developed industrial and transportation infrastructure. Thousands of workers — mostly young women from rural areas who send as much as half of their income home to support their families — reportedly already have lost their jobs as factories began to close in 2004.<sup>11</sup> Cambodia has developed a reputation for relatively good labor practices, largely because of a U.S.-Cambodia bilateral agreement, enacted in 1999, that rewarded progress in protecting labor rights in the country’s garment factories with increased U.S. import quotas for Cambodian textiles. It is still unclear whether or not such labor practices would help Cambodian garments to remain attractive to foreign buyers despite possible higher costs.

**U.S.-Cambodia Trade.** In 1996, the Clinton Administration signed a trade agreement with Cambodia, and the 104<sup>th</sup> Congress extended normal trade relations (NTR) status. In 1997, President Clinton designated Cambodia a Least Developed Country under the U.S. Generalized System of Preferences. The United States is the largest overseas market for Cambodian goods, accounting for 62% of total export revenue in the second quarter of 2004. Cambodian exports to the United States, mostly textiles and apparel, have grown from \$3.7 million worth of goods in 1996 to \$1.4 billion in 2004. Year-to-date (January-April 2005), Cambodian apparel and clothing exports to the United States have increased by 17% compared to the same period in 2004, despite the end of quotas. In 2004, the United States exported \$57.2 million worth of goods to Cambodia, including road vehicles, textile fibers, and yarns.<sup>12</sup>

Cambodia, along with other least developed countries (LDCs), is pressing the U.S. government to grant trade preferences on garment exports similar to those enjoyed by some African and Latin American nations. S. 191 and H.R. 886 would extend trade preferences to certain LDCs, including Cambodia. Senator Mitch McConnell, backed by Cambodian opposition leader Sam Rainsy, reportedly threatened to “hold up” any such assistance to Cambodia unless Cheam Channy is released.<sup>13</sup> Another measure, H.R. 1450, would impose tariffs on Cambodia and other countries as “non-market economies” until the President certifies that such countries are market economies.

## Foreign Assistance

Cambodia is the recipient of a relatively large amount of foreign aid from a variety of sources. External funding accounts for over half of the country’s

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<sup>11</sup> Scott Bobb, *VOA News*, November 8, 2004; Karen A. Tramontano, “Stitching up Global Labor Rights,” *Washington Post*, December 11, 2004.

<sup>12</sup> United States International Trade Commission

<sup>13</sup> “Cambodia’s Opposition Chief Seeks U.S. Sanctions to Restore Freedom,” *Agence France Presse*, February 11, 2005.

government budget. Since 1996, the Consultative Group for Cambodia, a consortium of seven international financial organizations and 22 donor countries under the auspices of the World Bank, has met annually to set economic and political reform guidelines for the Cambodian government and to extend aid packages averaging \$500 million per year.<sup>14</sup> The 2003 meeting was canceled, however, because of the political stalemate that immobilized the Cambodian government. In December 2004, international donors convened to pledge \$504 million in assistance for 2005, while criticizing the pace of economic reforms and implementation of anti-corruption measures. Japan and Australia are the largest bilateral foreign aid donors to Cambodia, followed by the United States and France. The United States provided \$52.9 and \$48.8 million in 2004 and 2005, respectively, for health care, HIV/AIDS programs, basic education, political organizations, civil society, human rights, assisting land mine victims, and other activities.<sup>15</sup>

**U.S. Bilateral Aid Restrictions.** The United States remains the only major donor country that has not resumed bilateral or government-to-government aid to Cambodia. Restrictions on U.S. assistance largely reflect congressional disapproval of Prime Minister Hun Sen's seizure of power in 1997 and concerns about ongoing political violence. Since 1998, foreign operations appropriations legislation has barred U.S. assistance to the central government of Cambodia and to the Khmer Rouge tribunal and instructed U.S. representatives to international financial institutions to oppose loans to Cambodia, except those that meet basic human needs. U.S. assistance may be provided only to Cambodian and foreign NGOs and to local governments. Statutory exceptions allow for U.S. assistance to the central government of Cambodia for reproductive, maternal, and child health care, preventing and treating HIV/AIDS and other infectious diseases, basic education, combating human trafficking, rule-of-law programs, cultural and historic preservation (Angkor Wat), counter-narcotics activities, and developing international adoptions procedures. For most of these activities, however, USAID collaborates with the central government of Cambodia but continues to provide funding only through NGOs.

The Consolidated Appropriations Act for FY2005 (P.L. 108-447) provided, notwithstanding the prohibition on bilateral aid, \$1 million in Foreign Military Financing (FMF) to Cambodia for border control and counter-terrorism efforts, subject to congressional notification requirements. P.L. 108-447 also provided \$2 million for an endowment to document genocide and crimes against humanity under the Khmer Rouge regime and \$3.75 million for an endowment for physical rehabilitation programs.<sup>16</sup>

**FY2006 Foreign Operations Appropriations.** The FY2006 Foreign Operations Appropriations bill as passed by the House on June 28, 2005 (H.R. 3057)

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<sup>14</sup> *Kyodo News*, June 21, 2002.

<sup>15</sup> According to the U.S. State Department, Cambodia is among the top five nations for the number of landmine victims (over 800 per year). It is conservatively estimated that at the current rate of demining, it will take 15-20 years to reach a "mine safe" condition.

<sup>16</sup> See also CRS Report RL31362, *U.S. Foreign Aid to East and South Asia: Selected Recipients*, by Thomas Lum.

continued U.S. opposition to international financial institution loans to the Central Government of Cambodia. However, Section 554 removed other restrictions or sanctions on U.S. foreign assistance to the Central Government of Cambodia as contained in the FY2005 foreign operations appropriations legislation (House Report 109-152). The Senate Committee on Appropriations, however, struck out Section 554 and kept the restrictions in place (Senate Report 109-096).

## Cambodia and Southeast Asia

Although Cambodia under the Cambodian People's Party has had close ties with Vietnam, Hun Sen has also cultivated ties with China. Trade between the two countries totaled \$482 million in 2004, with Chinese exports vastly outnumbering imports from Cambodia. According to USAID, recent negotiations between Cambodia and China resulted in 25 bilateral agreements, including technical assistance, grants, low-interest loans, and construction projects. The USAID report states: "Although these agreements are relatively small in financial terms, they signify how China is using its newly won economic power to expand its presence and political influence among its southern neighbors."<sup>17</sup> In the past year, China has pledged to finance and build a new government building and highway, construct a hydroelectric dam near Phnom Penh, and enter into exchanges with the Cambodian military.<sup>18</sup> Beijing hosted visits by Prime Minister Hun Sen and National Assembly President Norodom Ranariddh in November 2004 and April 2005, respectively. In October 2004, the 82-year-old, former Cambodian King Norodom Sihanouk arrived in Beijing for medical treatment.

Cambodia has been described as being in "tier two" among the countries of the Association of Southeast Asian Nations (ASEAN), which consists of the regional organization's newest, poorest, and "least democratic" members — Cambodia, Laos, Myanmar (Burma), and Vietnam. This grouping has been more supportive of Myanmar's assumption of the rotating ASEAN chairmanship in 2006 than have the original members, and has adhered more rigidly to the ASEAN principle of "non-interference" in the domestic affairs of member countries. In April 2005, Myanmar's Prime Minister Lieutenant General Soe Win visited Cambodia, Laos, and Vietnam to garner support.

Since 1992, with the assistance of the Asian Development Bank, Cambodia, China, Myanmar (Burma), Thailand, and Vietnam have cooperated on the Greater Mekong Subregion (GMS) program, which aims to promote economic development through linkages in trade, investment, infrastructure, telecommunications, and human resources and cooperation on the environment, health, tourism, and labor mobility. GMS countries held their first summit in Phnom Penh, Cambodia in November 2002 and will hold their second in July 2005 in Kunming in southwestern China.

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<sup>17</sup> U.S. Agency for International Development, *Budget Justification to the Congress, Fiscal Year 2006*.

<sup>18</sup> "Cambodia to Seek 60 Million Dollar Loan from China to Buy Naval Boats," *Agence France Presse*, March 21, 2005.

## Other Policy Issues

**Terrorism.** Cambodia has made some efforts to carry out anti-terrorism policies although significant problems remain. In October 2004, Heraldo Munoz, chairman of the Al Qaeda/Taliban Sanctions Committee, warned that Jemaah Islamiah (JI), a Southeast Asian Islamic militant group with ties to Al-Qaeda, could potentially set up operations in Cambodia, with its porous borders and weak government. In 2003, four men — one Cambodian Muslim, two Thai Muslims, and an Egyptian — were arrested in Phnom Penh for belonging to JI and plotting to carry out terrorist attacks in Cambodia. The three non-Cambodians were teachers at a Saudi-funded Islamic school that Cambodian authorities subsequently shut down.<sup>19</sup> Cambodia's Muslims, mostly ethnic Cham people who historically practiced a syncretic form of Islam that incorporated Buddhism and other belief systems, make up about 5% of Cambodia's population. They are mostly poor farmers, fishermen, and traders, whose religious and educational institutions were destroyed by the Khmer Rouge and who reportedly face harassment by Cambodian government authorities. Since the early 1990s, assistance from the Middle East, Malaysia, and Indonesia have helped to build new mosques and religious schools and brought conservative strains of Islam. Although the Cham generally are not politically active, some observers fear that Cham areas may provide safe harbor for terrorists. For example, Hambali, the Indonesian accused of directing the October 2002 bombing in Bali, took refuge in Cambodia in 2002 and 2003.<sup>20</sup>

United States assistance to Cambodia includes support for human rights and democracy training in Cham communities, Cham-language news broadcasting, and education programs for Cham tribes. In 2004, the Cambodian government destroyed 233 Soviet surface-to-air missiles, in cooperation with the United States, to prevent them from falling into the hands of terrorists in Southeast Asia. Cambodian officials reportedly have consulted with Australian legal experts to draft a new counter-terrorism law.

**HIV/AIDS.** Cambodia has the highest rate of HIV infection outside sub-Saharan Africa. By some estimates, at the end of 2003, between 100,000 and 290,000 Cambodians were living with HIV.<sup>21</sup> Cambodia's Health Ministry reported that 100,000 Cambodians have died of AIDS. Over 50,000 children reportedly have been orphaned by the disease. However, a concerted effort of the Cambodian government, the United Nations, NGOs, and foreign assistance programs has reduced the prevalence rate of HIV cases among adult Cambodians from more than 4% in 1999 to 2.6% in 2002-03.

**Human Trafficking.** The State Department's 2005 *Trafficking in Persons Report* (June 1, 2005) states that Cambodia is a "source, destination, and transit

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<sup>19</sup> See CRS Report RL31672, *Terrorism in Southeast Asia*, by Bruce Vaughn, et al.

<sup>20</sup> Hambali was captured in Thailand in 2003 and is being held by United States. Verghese Mathews, "Weeding out Terrorist Camps in Cambodia," *Straits Times*, October 27, 2004; Luke Hunt, "Cham Offensive," *Far Eastern Economic Review*, July 29, 2004.

<sup>21</sup> Joint United Nations Program on HIV/AIDS.

country for men, women, and children trafficked for the purposes of sexual exploitation and forced labor.” According to the report, the government of Cambodia “does not fully comply with the minimum standards for the elimination of trafficking and is not making significant efforts to do so.” The State Department placed Cambodia in the Tier 3 category of countries with reported problems of trafficking in persons. Under the Trafficking Victims Protection Act of 2000, countries placed in Tier 3 may face U.S. sanctions or withholding of non-humanitarian assistance. In 2003 and 2004, Cambodia was a Tier 2 country, having made “significant efforts” to eliminate trafficking “despite considerable resource constraints.”<sup>22</sup> The Cambodian government relies primarily on foreign and domestic NGOs to provide protective services to victims. In December 2004, armed assailants abducted 84 women and children from a trafficking shelter, most of whom had only just been rescued from a brothel known for trafficking children.<sup>23</sup>

**Khmer Rouge Tribunal.** No Khmer Rouge leaders have yet been tried for the atrocities or crimes against humanity committed under their rule.<sup>24</sup> In June 2003, after five years of negotiations, Cambodia and the United Nations agreed upon the framework of an international tribunal for prosecuting, under Cambodian law, former leaders of the Khmer Rouge. Under that agreement, the majority of judges shall be Cambodian. In May 2005, the U.N. announced that \$38 million had been raised in international pledges for the tribunal and that full preparations would begin.<sup>25</sup> The trials are expected to last three years at an estimated cost of \$56.3 million. Some observers, including Amnesty International, have raised doubts about whether such a court, with a majority of Cambodian judges, can be independent and impartial.<sup>26</sup> The Consolidated Appropriations Act for FY2005 (P.L. 108-447) makes available U.S. assistance for a Khmer Rouge tribunal only if the Secretary of State determines and reports to Congress that Cambodia’s judiciary is independent and that the tribunal meets internationally-recognized standards of fairness and credibility. H.Con.Res. 146, introduced May 5, 2005, would honor the victims of the Cambodian genocide.

**The Montagnards of Vietnam.** In 2001, social unrest among minority peoples in Vietnam’s Central Highlands, mostly Christian Montagnards, provoked a crackdown by the Vietnamese government. In April 2004, thousands of Montagnards reportedly clashed with police. Nearly two thousand Montagnards have fled to Cambodia since 2001 to escape the violence in their homeland. In 2004, the

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<sup>22</sup> U.S. Department of State, *Trafficking in Persons Report*, June 14, 2004.

<sup>23</sup> U.S. Department of State, Office of the Spokesman, December 9, 2004.

<sup>24</sup> Pol Pot, former leader of the Khmer Rouge, died in April 1998.

<sup>25</sup> The largest donor, Japan, pledged \$21 million. See Amy Kazmin, “UN Strikes Deal with Cambodia on Khmer Rouge Trials,” *Financial Times*, May 2, 2005.

<sup>26</sup> The U.N.-Cambodian agreement stipulates, in part: The Trial Chamber shall have three Cambodian and two international judges; the Supreme Court Chamber shall have four Cambodian and three international judges; there shall be one Cambodian and one international investigating judge; and there shall be one Cambodian and one international prosecutor. As a safeguard against Cambodian bias, verdicts require a “super-majority” — a simple majority plus the vote of at least one international judge.

Cambodian government reportedly delayed granting the United Nations High Commissioner on Refugees (UNHCR) access to over 700 Montagnard asylum seekers in Cambodia. Some human rights advocates have accused the Cambodian government of complying with Vietnamese government requests to forcibly return Montagnard refugees to Vietnam, where they allegedly face persecution, and of thereby violating the 1951 U.N. refugee convention.<sup>27</sup>

## Policy Discussion

Some U.S. lawmakers argue that development and trade assistance to Cambodia should remain restricted or limited until Prime Minister Hun Sen is held accountable for or ceases to engage in political activities that violate democratic norms and procedures. Other analysts argue that greater U.S. assistance and involvement in Cambodia, through not only foreign aid but also enhanced trade, educational exchanges, and Peace Corps programs, may help to improve governance, promote civil society, and support democratization.<sup>28</sup> Furthermore, some assert, U.S. engagement with the Kingdom may enhance regional anti-terrorism efforts and counter economic and political overtures by China.

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<sup>27</sup> “Cambodia Gives Montagnards Choice: Third Country or Vietnam,” *Voice of America Press Releases and Documents*, January 18, 2005; See also CRS Issue Brief #IB98033, *The Vietnam-U.S. Normalization Process*, by Mark E. Manyin.

<sup>28</sup> Statement of Catherine E. Dalpino before the Senate Committee on Foreign Relations, Subcommittee on East Asian and Pacific Affairs, June 7, 2005.