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Master's Thesis of Seoul National University

**Comparative Studies on U.S. and
China's Foreign Aid in ASEAN**

Based on the Cases of Cambodia and the
Philippines

미 - 중의 ASEAN 지역 개발원조 비교연구 -
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Abstract

Foreign aid has always been one of the most important tools in implementing foreign policy, and offers a distinct perspective to observe one's national interests, foreign strategy and objective, either for the donors or the receivers. With China's rising and its implementation of going out policy, U.S. can no longer keep its position as the dominant donor around the world. Especially when we come to the area of Southeast Asia, one of the most important strategic region for U.S. as a pillar in Asia-Pacific and for China as key neighborhood both in economic and security, the competition of foreign aid has become much more intense in order to achieve one's own national interests as well as trip each other in balancing of power.

This article selects Cambodia and the Philippines as two targeting cases, trying to achieve two purposes, 1) focus on the foreign aid provided by China and the United States to Cambodia and the Philippines in the 21st century, trying to compare the similarities and differences between the two-different kind of foreign aid and the responses of recipient countries; 2) explain Cambodia and Philippine's swing between U.S. and China through the perspective of foreign aid. Cambodia has been a traditional ally of China since the Cold War, while the Philippines act as the traditional security ally of the United States who receive the most U.S. military assistance in ASEAN and always been firmly following the U.S. in the international agenda. Through the whole research, although Cambodia and the Philippines can be two different types of country representing ASEAN in playing between U.S. and China, as they always show opposite stands towards China and U.S. in ASEAN, however, since the beginning of the 21st century, especially since China proposed the Belt and Road Initiative policy, both the two countries show a tendency to drift apart from the United States but approach China in terms of foreign aid, which can be seen as a symptom for their changes of foreign policy. Taking foreign aid as an entry point, we can see the direction of power balancing changes in the southeast Asia region. This article tries to explain this interesting phenomenon through both of the perspective of the donors and the recipients. I argue that it is the national interest changes, the different features between the foreign aid offered by China and U.S., as well as the national leader themselves led to their different attitudes towards two great powers.

Keyword: Foreign Aid, U.S., China, Cambodia, the Philippines, 21st Century

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Chapter I Introduction

1. Background of the study

a. Research question

Foreign aid has always been one of the most important tool for implementing foreign policy, offering a distinct perspective to observe the national interests, foreign strategy and objective, either for the donors or receivers. Historically, foreign aid of large scale and systematic organization has been of the most important foreign tools since the end of Second World War, which was started by the Marshall plan as the European Recovery Program. During the cold war, to rally allies and constrain the power of each other, U.S. and the Soviet Union compete to offer foreign aid towards the third world, which made this period one of the peak time for foreign aid. Whereas, Aid Fatigue appeared in the first decade after the end of cold war, while incident of 911 brought foreign aid into another booming time ever since 2001 to today. Globally, China increased its role in international finance and became of the most significant new player participating in foreign aid offering. Meanwhile China's Going Out Policy is continually being carried out and its foreign aid program and other official flows are being offered to Asian, African and Latin American countries with the drastic incensement of its influence across the world. In 2018, the Trump administration announced to cut on third of its foreign aid, making it the largest foreign aid cut for the U.S. since the end of Cold War. It seems that these two great powers are in a decades-long "aid-race" in which each vied for influence in the Global South using the "soft power" of foreign aid.

However, if we turn to the donors, it may be interesting to note that receivers' also playing a balancing game trying to get foreign aid. Their attitudes exert significant influence its donors or vice versa, with the complicated bilateral relations of politics, economics and diplomacy. Sometimes traditional security ally in the region will manifest a rocking policy and incline to its newly donors with whom they may not have a well relation in the past. ASEAN is an excellent example of that. Many ASEAN countries used to be allies with the U.S. in security, even recent years still turns against with China historically and be stuck in several islands disputes. Accompanied by the increasing economic cooperation with China recent years, the relationship between ASEAN countries and China has begun to ease and even warm up. From this aspect, to analysis these dynamic changing regional orders will be innovative if we take foreign aid as one of the independent variable in affecting regional international relations and from which we can see how the influence of great powers are changing.

This research tries to answer the following question based on the descriptive analysis of U.S. and China's foreign aid towards ASEAN: (1) What's the basic models of foreign aid offered by U.S. and China? What's the differences between these two models if we focus on the regional level of Southeast Asia? (2) how does the foreign aid became an important tool achieving the foreign policy of both donors and recipients? (3) how does this affecting international relations under ASEAN?

b. Significance of research

This research seeks to make a comparison between different patterns of foreign aid from China and U.S. in ASEAN since 21th Century, from the perspective of its features, purposes, methods, subjects and etc. Meanwhile it will conclude different ASEAN countries' attitudes towards these two hegemonies and depict the changing and balancing influence of these two great powers in this region.

Choosing the U.S. and China as research objectives, two great power seems to follow the same pattern in offering foreign aid. Ever since mid-1940s and mid-1950s respectively, the U.S. and China has both become the most important foreign aid donors around the world. These two countries share some similarities in common but more differences. The U.S. has become a modern bilateral donor in the post-World War II, with most of the foreign aid programs complemented the U.S. security strategy by developing and cementing Cold War alliance. Even since 2000s the U.S. aid program expanded against with its focus on the War on Terror. Meanwhile China's foreign aid offering pattern can be changed in different periods. After offering foreign aid to third world countries driven mainly by ideology by 1970s, China experienced a contraction and put its attention back to domestic development. It recovered from 1990s and grew rapidly since then until now with the mile stone of the foreign aid: The Belt Road Initiative in the 2010s. The Chinese government is ramping up its own foreign aid and investment programs drawing broad attention domestically and internationally, especially under the context of the U.S. foreign aid budget cut with its strategic contraction. Compared to what U.S. did to receivers, China now is following her own pattern. In recent decades entering 21th century, China's focus shifted from cementing political and diplomatic relationships to more direct economic cooperation, using a mix of foreign aid, other official flows and foreign direct investment. Plus, China advocate that its foreign aid without tough political conditions which is significantly welcomed by many developing countries especially for those who are tired of meeting the U.S. requirements. As a non-DAC member country, China now is complementing a different foreign aid pattern based on different ideas, which sometimes is misunderstood by western world and even be taken as neocolonialism. It is important to point out that due to different national

interest and different international context, China's foreign aid follow its own paths which isn't consistent with what western donors did in the past. It is necessary to understand China's deep behavior origin and how the foreign aid policy serves its diplomatic directing concept and national interests.

There are three main reasons for choosing ASEAN as targeting region:

(1) The importance of ASEAN to both China and U.S.

Although compared to other Asian regions, ASEAN may not be the most region these two great powers pay most attention to, ASEAN keeps its considerable position in China and U.S. strategic planning. ASEAN not only locates in the crucial spot of Asia pacific region but also enjoys bountiful supply of resources. Meanwhile considering its highly-institutionalized regime and energetic economy with high potential, it plays an important role in international stage, each great power wants to exert its own influence in this region and achieve national interest. With the rising of China after the ending of Cold War, ASEAN has become the main capture target for both of the hegemons.

(2) Both U.S. and China keeps close political connection and economic cooperation with ASEAN

The game between China and the United States is the main theme of foreign relations in the region. Since post-World War II, both the U.S. and China tries to exert its influence in this area. On the other side, ASEAN countries plays well in diplomacy among two hegemons for both of these great powers have been regarded as important basis for economic growth and security providing.

(3) Both U.S. and China have a long history in offering foreign aid in this region

During the Cold War era, as an important security ally of the U.S., Southeast Asian countries received a large amount of assistance from the U.S. in economy and military. China's also provided substantial assistance to the Indo-China countries including Vietnam, Cambodia and Laos out of ideological needs. Although the United States implemented a strategic contraction in Southeast Asia during the first decade after the Cold War, she still paid attention to human rights and democracy in this region. After 9.11, the U.S. restart foreign aid out of security and economic consideration. China's relations with Southeast Asia remained stubborn that time, nevertheless, the growing economic interdependence made it available for the acceleration of the cooperation and thus a steady and increasing flow of assistance to ASEAN can be seen clearly.

Plus, different ASEAN countries manifest different preferences in receiving foreign aid which made ASEA not a unitary entity to analysis and offer several possible explanatory paths. This paper tends to select the Philippines and Cambodia as two typical countries to make specific analysis of two great powers offering

foreign aid in ASEAN for Cambodia and the Philippines stands for different types of country treating the U.S. and China, the reason why I choose these two countries as targets will be further demonstrated in the part of research methodology.

2. Literature review

There are many researches analyzing and generalizing China and the U.S.'s pattern of foreign aid respectively.

Recently, with China's expanding global role, its growing aid and economic engagement overseas is attracting attention and analysis. Although tracking China's aid and other development finance is "a difficult and contested field of research"(XU and Garey,2015,p.3) with challenges of classification and a lack of transparency, there is still a lot of studies from policy organization, academic researchers and the press on the various aspects of Chinese aid and its economic engagement more broadly, ranging from "studies on China's aid approaches and country or regional case studies, to research specifically focusing on aid data or single projects or sectors"(Gu,2015,p.2)

Scholars at first discriminate that China's measurement of "foreign aid" (Duiwaiyuanzhu) differs from "Official Development Assistance" (as ODA defined by the OECD Development Assistance Committee). The white paper on Chinese aid published by State Council identify three types of foreign assistance including grants, interest-free loans and concessional loans. China contains military assistance which are excluded from ODA while exclude scholarships for students and cost of newly arrived refugees and donor administrative cost of aid which are allowed as ODA under DAC. (Bräutigam, 2011, p.756; Grimm et a, 2011, p.7; Strange et al, 2017, p.939). Plus, some research report raised that China's foreign should be categorized as ODA-like flow and OOF-flow based on the difference of basic definition, with OOF refers to Other Official Flows representing funding that is typically less concessional than ODA and is not necessarily designed to promote the economic development and welfare of recipient countries. (AidData, 2017). For drivers of aid, various experts find that China's aid is fundamentally a tool of foreign policy, driven by a mix of political, commercial and moral objectives (Bräutigam,2009, p.15,17; Gu,2015). A growing literature suggests the conventional wisdom that China gives aid to get access to resources is at best a partial and misleading answer (Bräutigam,2009,p.11). The literature highlights the influence of China's own past experience as an aid recipient, as well as that of the historical context and geopolitics of China's regional and global circumstances. (Bräutigam, 2009, p.11; Gu, 2015,p.5). Other analyses highlight that rather than a coherent overarching strategy, other factors shape Chinese assistance, including the competition between the multiple

domestic aid institutions; the role of China's provinces in driving the process of 'going global'; the informal and decentralized Chinese state-business interaction in African agriculture; and the importance of contractors. (Varrall,2016;Zhang and Smith, 2017,p.12; Gu et al, 2016, p.1) Some scholars points out that the "Going out" (or "Going Global") policy endorsed by the Chinese government in 2000 has led to a series of Chinese initiatives -such as the One Belt One Road initiative and the Asian Infrastructure Investment Bank -which (along with the BRICS New Development Bank) "imply a new economic and political geography of international development cooperation"(Carey and Li, 2016, p.13). For sector involvement, infrastructure assistance and agricultural development is another priority. The largest sector for commercial and concessional loans to Africa during period 2000-2014 was transportation loans for construction/renovation of roads, railways, airports and harbors (Hwang et al, 2016,p.2). For sector of humanitarian, since 2000 China has been one of the top five largest humanitarian aid providers among non-DAC countries (UNDP, 2005). In perspective of health, China has been involved in overseas health assistance for decades and is starting to become a major global player in this sector (Bräutigam, 2009; Itad, 2017). Lin et al (2016, p.2) found that "a key limitation of China's health aid approach is the absence of a cohesive approach and a coherent strategy of China's health diplomacy". Due space limitation other research result will not be covered thoroughly in this report.

The U.S. has always been a leader in foreign aid since the Marshall Plan followed by Second World War. Previous research in U.S. foreign aid focus on two general aspects: (1) specify the motivations, mechanisms and effects of U.S. foreign aid; (2) analyze the foreign aid policies of specific government or the impact of U.S. foreign aid on specific regions.

The U.S. provide foreign aids for multiple reasons: to relieve suffering and promote long-term economic and social development, to gain favor with potential allies and influence decisions in a favorable direction, to open markets for tradable goods and commodities, to help ensure national security in the long and short run. (James H. Williams 2013). Different aims based on different historical contexts. From Marshall plan, the U.S. has taken foreign aid as a policy tool to build allies to contain communism meanwhile stimulating the U.S. economy via increased industrial exports and accessing raw materials form Europe. Foreign aid was used to "...support a system of interlocking anti-communist alliances beginning with NATO" (Wood 1986; Morley and Morley 1961; Hagen and Ruttan 1988). But the most important outcome of the U.S. program was greater political stability rather than economic growth and any activities had to be argued on grounds of the American military interest rather than development need (U.S. Congress 1957,13). Since the 1970s the

U.S. aid program has followed a similar philosophy: while it was a projection of U.S. power, it was also a projection of U.S. liberal values and its manifest destiny in pursuing them. Later, at the end of the Cold War, although there continues to be a swing on security agenda or democratic themes, democratization in recipient countries was added to the list of liberal values being promoted (Zoysa 2005; Picard and Buss 2009). Since 9/11, the foreign aid is more offered out of the consideration of activities against global terrorism.

In exploring these conditions, scholars have focused primarily on attributes within recipient countries. For example, Svensson (1999) reported that aid has positively influenced economic growth in democratic recipients, but not in those ranking low on civil and political liberties. Likewise, Burnside and Dollar (2000) found evidence of aid effectiveness, but only when the recipient government already had “good” economic policies in place. While other scholars argue that foreign aid can promote economic growth in recipient countries by facilitating economic reform, but only when the strategic benefits associated with providing aid are small for donor governments. When the strategic benefits are large, foreign aid becomes ineffective because Western governments cannot credibly enforce their conditions for economic reform. (David H. Bearce, Daniel C. Tirone, 2010)

Recently with the rising of China, there are some analysis aiming comparing different modes of foreign aid among developed countries like U.S., Japan, France, Germany, Denmark (Carol, 2006). So far, however, comparative studies of foreign aid between China and the U.S. is relatively rare. Michael A. Glosny, in his report in 2004, offered the earliest comparative analysis of China and U.S. foreign aid pattern through national objectives, structure, implementing. Admitting China was playing a more and more important role in providing aids to developing countries as one of the largest global economies, he emphasizes the common interest they share in helping them overcome challenges in their mutual interest and highlight the necessity of cooperation. (Michael A. Glosny 2004). Lu Rong raised two different modes, as non-conditioned mode and pre-conditioned mode to describe China and U.S. different decision making and policy implementation process in Africa based on different understanding toward this area in the post-cold war world. With the core of equality, objective of development and essence of double-win, China actually carries the policy of foreign aid without additional terms while U.S. tries to replicate the successful development experience of the West to African countries with two different dominance of providing assistance and aid sanctions at the same time. (Lu Rong, 2009) As well, Patrick Kilby considered that the U.S. and China have followed nearly parallel path as providers of foreign aid toward Third World development with very different strategies. The United States has largely provided foreign aid with the

aim of stabilizing the world order, favoring a patron-client relationship with recipient countries, and using aid to promote economic and political liberalization. China, on the other hand, has used its foreign aid program primarily to strengthen its position as a leader of the Global South, favoring a hands-off political approach and emphasizing reciprocity and solidarity with aid recipients. (Patrick Kilby 2017)

In terms of regional level, both the U.S. and China lack of elaborate studies on Southeastern Asia. Most of them aiming at analyzing the strategy U.S. implementing in offering aids to Southeast Asia or security defense as its policy purpose (Amos·A·Jordan 1960). Some scholars try to depict the U.S. foreign policy in Southeast Asia in specific government including Eisenhower and Obama. As for China, research related to Southeast Asia is scattered in the study of the relationship between China and Southeast Asia, with special articles and monographs relatively small. Generally, most of attention focusing on U.S. foreign aid researches is laid on Third world countries and developing countries, while that of China's foreign aid more on aid to Africa and Latin America, by contrast, involves less assistance to Southeast Asia, Central Asia, etc., or just a historical perspective on China's assistance to Indonesia, Vietnam, and Cambodia.

Most research on U.S. foreign aid focusing Southeast Asia during Cold War and can be categorized into three terms:

(1) The strategic character of foreign aid. Jordan raised the concept of defense assistance which includes military assistance and stability assistance as two basic components. He emphasized the general validity of U.S. military aid programs in Asia and the vital role they have played in helping to safeguard the security of nations threatened by Communist aggression or subversion. (Colonel Jordan 1962)

(2) Comprehensive analysis on the situation of foreign aid U.S. offering to Southeast Asian including but not limited to its objectives, existing problems, and effectiveness. Montgomery has based his analysis on American aid experience in four Southeast Asian countries: Burma, Taiwan, Thailand, and South Viet-Nam with an elaborate analysis ranging from the purposes, the practical difficulties, a critical examination of our administration of mutual aid and finally a discussion of some of the underlying political issues involved in the unique relationship between the United States and so many of the world's underdeveloped countries (Montgomery 1964)

(3) Specific analysis on foreign aid policy during different governments: Rostow demonstrated the inner contradictory and struggle inside Eisenhower government over foreign aid and analysis foreign aid policy toward Third World countries including Southeast Asia. (Rostow, 1985) While Richard think the economic assistance towards Southeast Asia during Carter made significant progress toward maturity with the cases of the Philippines, Thailand and Indonesia. (Richard 1979)

(4) Comparative studies on foreign aid from U.S. and other countries. Richard and Jan argued that Japanese support for aid in Asia-Pacific region remains strong after the cold war and has been broadened beyond their Cold War commercial orientation toward global goals. Especially compared to the disengaging of U.S. Japanese political influence in Southeast region has been increasing. (Richard Grant and Jan Nijiman, 1997)

To conclude, scholars generally believe that the U.S. has improved the relations with Southeast Asian countries through offering assistance and has contained the expansion of communism in the region, thus achieving certain geopolitical goals. However, after the end of the Cold War, academic attention on foreign aid to Southeast Asia fell sharply with the decrease of value of foreign aid as a policy tool. So far there isn't abundant research aiming at assistance in Southeast Asia integrally and systematically. Meanwhile, most of them tries to aiming at a specific country from either the U.S. or China rather than a comparative study or just depict the change and development of foreign assistance as policy dated back to history instead of based on the perspective of reality. Especially there lacks the comparative studies between U.S. and China in ASEAN countries. With Chinese increasing influence in Southeast Asia, ASEAN countries tend to manifest a swing attitudes between U.S. and China for China has now been regarded more as a cooperation partner although their security concern and hostility may not get alleviated. To deep understand the complicated interaction between China and U.S. in ASEAN countries, it is better to analysis its foreign aid under the perspective of comparative study.

3. Methodology

Comparative Analysis

This paper uses comparative analysis method. The first comparison is made to highlight the differences in the model of assistance offered by the U.S. and China in ASEAN. Although both China and the United States attach great importance to ASEAN and increase foreign aid to this region, there are significant differences between foreign aid of China and the United States in terms of principles, faces, methods, and aid subjects. These differences are also reflected in the attitude of recipient countries when receiving assistance and even affecting the relationship between recipient countries and donors.

The second comparison mainly refers to the comparison between the situation of foreign aid from China and the United States in Cambodia and the Philippines since the 21st century through highlighting the new features. In addition, this article will compare the assistance of China and the United States to the same country in

different historical periods, and reflect its status changes in the foreign strategies of China and the United States.

Case Analysis

This paper tends to select the Philippines and Cambodia as two typical countries to make specific analysis of two great powers offering foreign aid in ASEAN for Cambodia and the Philippines stands for different types of country treating the U.S. and China:

(1) Cambodia as traditional friends with China but close relation with the U.S.

The Constitution of 1957 announced the neutrality in foreign diplomacy of Cambodia. Since then, during the Cold War and for a long time after it, Cambodian government have sought to pursue a balancing strategy among big powers. Because of the personal ties between Sihanouk and Chinese, Cambodia has established friendly and stable relations with older generations of leaders and it has become one of the earliest recipients receiving Chinese foreign aid since 1950s. At the same time, Cambodia has always regarded the United States as an indispensable power that can sometimes leveraged. Although the issue of human rights and democracy often make a mess on U.S.-Cambodian relations, the country will draw closer to the U.S., obtaining direct military assistance and economic assistance when needed.

After the Cold War, with the political ecology getting better and better, Cambodia has gradually become a key role to be competed for in exerting their own influence in Southeast Asia for those great powers outside the region. For China, Cambodia, which has no dispute over the South China Sea, is an important target for competing with other ASEAN countries. Plus, Cambodia has also become more and more important in the development of the OBOR in terms of its investment value and economic development potential. For the pivot for Asia, Cambodia is also an important geographical key for the United States and Vietnam to jointly contain China. As an important strategic force to contain China, it is a "small and strategically important country" in the U.S. national interest.

(2) The Philippines as traditional security ally with the U.S. but seeks economic cooperation with China.

After the signing of the U.S.-Philippines Common Defense Treaty in 1951, the Philippines became a long-standing traditional military ally of the United States. The assistance to the country from the U.S. was also far earlier than that of the ASEAN countries, which even helped the Philippines become the second richest country in Asia in the 1970s. The assistance provided by the United States to the Philippines includes both economic assistance and military assistance, covering from democratic governance, economic growth, education, energy, environment, and health. While China has had little influence on the Philippines during the Cold War. There has also

been a large gap between the U.S. whether from the history and scale of aid to the Philippines. In particular, the investment in the Philippines since the new century has been greatly reduced due to the impact of the South China Sea issue. Until Duterte came to power recent years, China's assistance to the Philippines has been in full swing. Duterte claimed that "China is the only hope in the Philippine economy." In particular, China's assistance to the Philippines does not presuppose political thresholds, and it has a late-comer advantage.

Literature Research Method

Refer to the existing books, journals, newspapers, and website information for analysis, and draw on the existing research results on foreign aid between China and the United States in Southeast Asia and make a summary analysis. Materials in both Chinese and English will help expand the breadth of the analysis and increase the comparability.

Relevant data resources and database in need are included but not limited to:

- (1) U.S.: OECD; The United Nations Development Programme; USAID; U.S. State Department; World Bank; World Food Programme, etc.
- (2) China: PRC Department of Foreign Assistance; Ministry of Foreign Affairs; AidData; Relevant cooperation websites, etc.

However, the difficulty of this paper is that China's assistance to Southeast Asia has not been very transparent since the 21st century. It is difficult to find official data completely thus most of the data cited is secondary which doesn't ensure the complete accuracy. Especially since it has passed 18 years with the complicated foreign aid policy and programs, it is hard to display it integrally. For ASEAN countries especially Cambodia, its informatization of foreign aid isn't high enough and information isn't abundant enough. The main reference documents will be scattered in Chinese newspaper or other media's report which make the date not very persuasive.

Chapter II The Foreign Aid from China and U.S.

1. Definition of Foreign Aid

a. Definition of Foreign aid

What is foreign aid? DAC has measured resource flows to developing countries since 1961. ODA is the key measure used in practically all aid targets and assessments of aid performance. Special attention has been given to the official and concessional part of this flow, defined as “official development assistance” (ODA). The DAC first defined ODA in 1969, and tightened the definition in 1972.

Defined by OECD Development Assistance Committee (DAC), Official development assistance (ODA) is recognized as government aid that promotes and specifically targets the economic development and welfare of developing countries. There are two points in this definition needs attention, ODA is 1) Provided by official agencies, including state and local governments, or by their executive agencies; and 2) Concessional (i.e. grants and soft loans) and administered with the promotion of the economic development and welfare of developing countries as the main objective. Among ODA, Military aid and promotion of donors’ security interests and transactions that have a primarily commercial objective as export credits¹ cannot be categorized as ODA. However, this two items also undergone several changes recently: since 2012, DAC begin to correct its measuring system in order to improve its accuracy while reflecting the changes in the development co-operation sectors, especially the growing importance of other non-DAC providers or philanthropic foundations, According to the new calculation of ODA flow started from 2018, each concessional transaction conveys a grant element depends on different situation as: 45 per cent in the case of bilateral loans to the official sector of LDCs and other LICs (calculated at a rate of discount of 9 per cent); 15 per cent in the case of bilateral loans to the official sector of LMICs (calculated at a rate of discount of 7 per cent); 10 per cent in the case of bilateral loans to the official sector of UMICs (calculated at a rate of discount of 6 per cent); 10 per cent in the case of loans to multilateral institutions calculated at a rate of discount of 5 per cent for global institutions and multilateral development banks, and 6 per cent for other organizations, including sub-regional organizations. For the military part, the DAC in 2016 agreed on updated rules for the eligibility of peace and security expenditures to better recognize the marginal but actual developmental role that

¹ Official Development Assistance (ODA) - OECD.org.
<https://www.oecd.org/dac/stats/What-is-ODA.pdf>

military actors played in conflict situations to delineate it from their main peace and security function.²

b. Different types of foreign aid

According to OECD's classification, ODA can be categorized as 1) bilateral or multilateral ODA on development projects, programs and technical co-operation; including the above items; 2) humanitarian aid; 3) Net debt forgiveness grants. ODA is "bilateral" when it's given directly by the donor country to people or institutions in the recipient country. It's multilateral when it's provided to an international agency, such as the United Nations. Technical co-operation takes two main forms: the first involves paying for training for people from developing countries, both at home and abroad, often by providing study scholarships. The second, and perhaps the more widely used form, involves supplying consultants, advisors, teachers and administrators to developing countries. Project, programs or budget support: In the early days, most aid money went to specified projects, the building of a bridge, for instance, or a road or hospital. Such projects were often high profile, and appeared to offer visible evidence that aid was working. Debt forgiveness usually refers to the situation donor countries sometimes agree to defer loan repayments or cancel them altogether. Cancellations are recorded as "grants" in ODA, even though, in effect, no new funding is being provided at the time when the loan is forgiven.³

Foreign aid can also be classified according to its donors, which includes aid between government and aid from non-government organizations. For the first type, ODA accounts of the absolute majority with its large scale and strategic influence. At the same time, other forms of intergovernmental assistance are mainly in the form of humanitarian contributions and commercial donations, encouraging export-oriented official transfers and futures, bonds issued by multilateral development banks to provide loan guarantees to donor governments. By the end of the 1980s, private assistance had been able to account for 7 to 8 percent of total external support, and it was realized through funds. The main focus of this article is official aid. A large slice of aid – around 40% – is channeled through an estimated 200 multilateral donors and agencies, such as The World Bank and United Nations. Multilaterals are "owned" by their member governments – some are regional, such as the European Union's agencies, while others are truly international, such as the United Nations, which has more than 190 member governments. NGOs (also referred to as civil society organizations, or CSOs) have become increasingly active in development in recent

² Ibid

³ What is Aid? <https://www.oecd-ilibrary.org/docserver/97892264123571-4-en.pdf?expires=1556015729&id=id&accname=ocid46016898&checksum=36EFCFEDF985514177E55AAF8C74E20D>

decades, in both developed and developing countries. according to OECD estimates in 2009, NGOs in developed countries raise between \$20 billion and \$25 billion a year in private contributions to development assistance. Plus, many businesses also provide aid, sometimes as a cash donation and sometimes “in kind”.⁴

c. Difference between ODA and China’s foreign aid

Whereas, foreign aid offered by Chinese government is different from the normal saying ODA. China defined “foreign aid” as Duiwai yuanzhu (对外援助). So far Chinese aid are defined by its official white papers including three types of foreign assistance: grants, interest-free loans and concessional loans. All of the above owns the similar aims at being provided as help in terms of the improvement of poverty, livelihood, public infrastructure and industrial and agricultural production. Among the above, the grant is focused on helping recipient countries build small and medium-sized social welfare projects and implementing human resources development cooperation, technical cooperation, material assistance and emergency humanitarian assistance. Interest-free loan funds are spent from the state finance, and concessional loans are designated by the Export-Import Bank of China. The grant is usually provided by humanitarian assistance in the event of a major crisis in the recipient country (e.g., Typhoon Haiyan caused huge disasters in the Philippines in 2011 and China provided humanitarian assistance). The term of interest-free loans is generally 20 years, of which the period of using is 5 years, the grace period is 5 years, and the repayment period is 10 years. The annual interest rate of concessional loans is generally 2% to 3%, with a term of 15 to 20 years, mainly as a supporting package for large-scale projects in recipient countries.⁵

Key differences should be noted for China’s foreign aid: it initially includes military assistance, construction of sports facilities and subsidized loans for joint ventures and cooperative projects which are excluded from ODA ((Zang and Smith, 2017: 2-3; Bräutigam, 2011, p.756). Also, the students’ scholarship in studying in China and costs of some refugees inside and host country and donor administrative cost of aid are excluded in China’s foreign aid, all of which are allowed as ODA under DAC. (Bräutigam, 2011, p.756; Grimm et a, 2011, p.7); Strange et al, 2017, p.939). Most importantly, China's official finance is less concessional than that of other large players.

According to the new calculation of ODA flow started from 2018, each concessional transaction conveys a grant element depends on different situation as 45 per cent in the case of bilateral loans to the official sector of LDCs and other LICs.

⁴ Ibid, p.14

⁵ 国务院新闻办公室, 《中国的对外援助(2014)》白皮书, 2014年7月

However, during the year from 2011-2013, China provided 32.32 billion yuan of grant to foreign countries, accounting for 36.2% of total foreign aid. In the past three years, China has provided interest-free loans of 7.26 billion yuan, accounting for 8.1% of total foreign aid. The concessional loans are mainly used to help recipient countries build productive projects with economic and social benefits, large and medium-sized infrastructure projects, and provide larger complete sets of equipment and mechanical and electrical products. In the past three years, China has provided preferential loans of 49.76 billion yuan, accounting for 55.7% of the total foreign aid.⁶

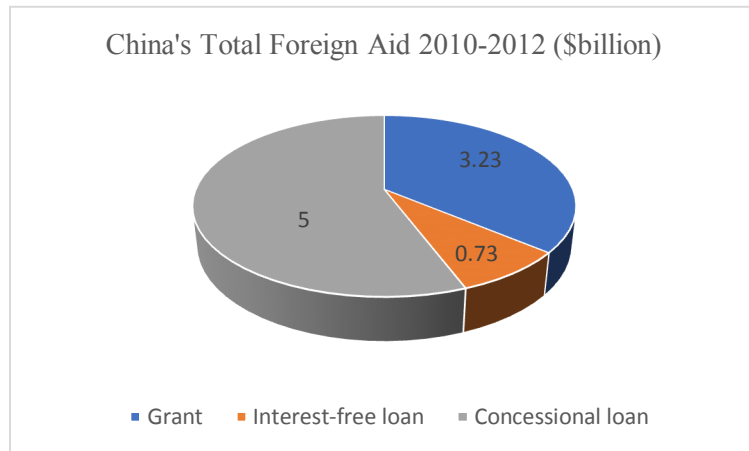


Figure 1 China's total foreign aid 2010-2012, \$Billion

Data resources: *China's Foreign Aid (2014) White Paper*

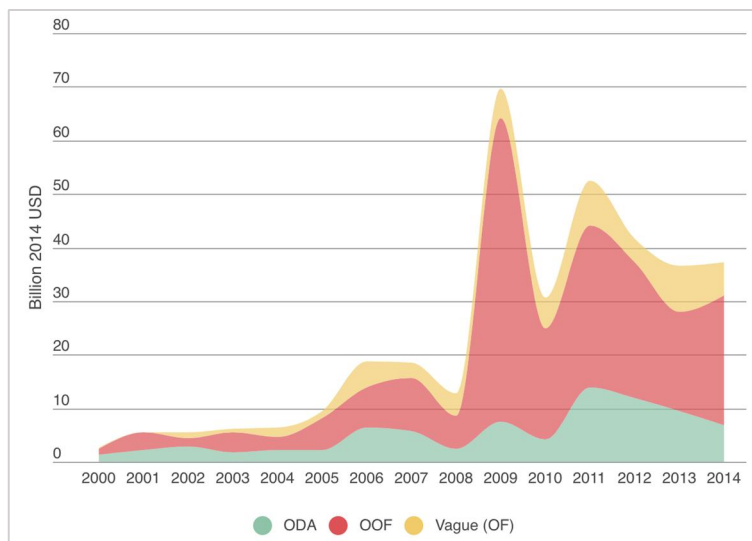


Figure 2 China's Foreign Assistance by ODA and OOF

Data resource: *AidData's China Research*, <https://www.aiddata.org/China-official-finance>

⁶ Ibid

According to AidData, considering China's official finance is less concessional than that of other larger players, China's foreign assistance can be differentiated by official development assistance(ODA) and other official flows(OOF), the latter including mainly non-concessional in terms (<25% grant element) and are primarily intended for commercial or representational purposes.

2. Comparison between patterns of U.S. and China in offering aid

a. Principles in offering foreign aid

In principle, USAID was determined to serve three central areas. Governing justly and democratically would bear the first responsibility, whose importance would begin to—help combat corruption, improve the legal system, strengthen key political and civil liberties, and protect human rights, through USAID's engagement with the government and civil society organizations. The second target would bear responsibility to invest in people, aiming to—combat a number of health problems in Cambodia such as maternal mortality, child mortality, TB, HIV, Malaria and provide health education to Cambodian population. The last program would go to sustaining economic growth, focusing on—investment environment and enhance the competitiveness of Cambodia's small and medium-sized enterprises.

In 1963, Chinese premier Zhou Enlai visited several African countries and proposed eight items in governing China's to developed countries which set the basic principles for Chinese foreign aid until today. The core part of eight principles is: 1) China always place itself under the principle of equality and mutual benefit in providing aid to other nations; 2) China never attaches any conditions or asks for any privileges when providing foreign aid. As what Chinese government claimed, China provides foreign aid of not attaching any political conditions, nor interfering in the domestic policy of recipients, with fully respects towards the rights of recipient countries to choose their own development paths and models. China insist on mutual respect, equal treatment, conviction, and mutual benefit are the basic principles of China's foreign aid.⁷

b. Segments in offering foreign aid

According to USAID, all U.S. foreign assistance is categorized as either military or economic assistance. Military assistance is any assistance that primarily benefits a recipient country's military capability. Economic assistance is any assistance with a development or humanitarian objective. However, based on the sector classification the international standard maintained by OECD/DAC, foreign aid is categorized by

⁷ 国务院新闻办公室,《中国的对外援助(2014)》白皮书,2014年7月

distinct sectors that describe what the program does, specific items including: Economic development (Banking & Financial Services, Business & Other Services, Agriculture, Forestry, Fishing, Forestry; Industry, Mining, Construction; Mineral Resources & Mining, Construction; Trade Policies & Regulations; Tourism; General Budget Support; Government & Civil Society(Government & Civil Society-general, Conflict, Peace & Security, Reconstruction Relief & Rehabilitation, Refugees in Donor Countries, Action Relating to Debt); Other Social Infrastructure & Services (Transport & Storage, Communications, Energy Policy, Energy generation, Hybrid energy plants, Nuclear energy plants, General Environment Protection; Humanities aid as Education, Basic Education, Secondary Education, Post-Secondary Education, Health (General health, Basic Health, Non-communicable diseases (NCDs) ; Population Policies/Programs & Reproductive Health(Water Supply & Sanitation Emergency Response, Disaster Prevention & Preparedness, Developmental Food Aid/Food Security Assistance, Other Commodity Assistance).⁸

China offers foreign assistance covering two main segments as improving people's livelihood and developing the economic in recipient country, which can be divided into more specific parts. The former one contains segments of assistance in agriculture, medical service, social infrastructure and humanities assistance in natural disasters. Between 2010-2012, China has provided assistance in 49 agricultural programs, dispatching over 1000 agricultural experts and providing quite amount of agricultural machine, seeds and chemical fertilizer. To improve local educational level, Chinese government provide construction assistance in building schools, offering teaching devices, training teachers and increasing scholarships. For medical part, China not only help developing countries building local hospitals, but also provide medicine and medical devices, dispatch medical team and provide assistance in infectious disease prevention and control.⁹ UNDP (2015) finds that since 2000 China has been one of the top five largest humanitarian aid providers among non-DAC countries, mainly providing relief materials, food, cash and rescue and medical teams, as well as post-disaster reconstruction and capacity building for disaster prevention. China is an active member of the UN Disaster Assessment and Coordination network and the International Search and Rescue Advisory Group (UNDP, 2015). The economic part accounts for almost 70% of its total disbursement, among which transportation and storage, energy generation and supply, communication, industry, mining and construction, action relating to debt are included. Clear emphasis is put on infrastructure, with projects across energy, transportation and communications. Infrastructure assistance is a key priority for China: the largest sector for commercial

⁸ <http://www.oecd.org/dac/stats/purposecodessectorclassification.htm>.

⁹ 国务院新闻办公室,《中国的对外援助(2014)》白皮书,2014年7月

and concessional loans to Africa during period 2000-2014 was transportation loans for construction/renovation of roads, railways, airports and harbours (Hwang et al, 2016, p.2). Transportation loans commonly involve construction or renovation of roads, railways, airports and harbours, or the purchase of road/rail/air vehicles (p.2).

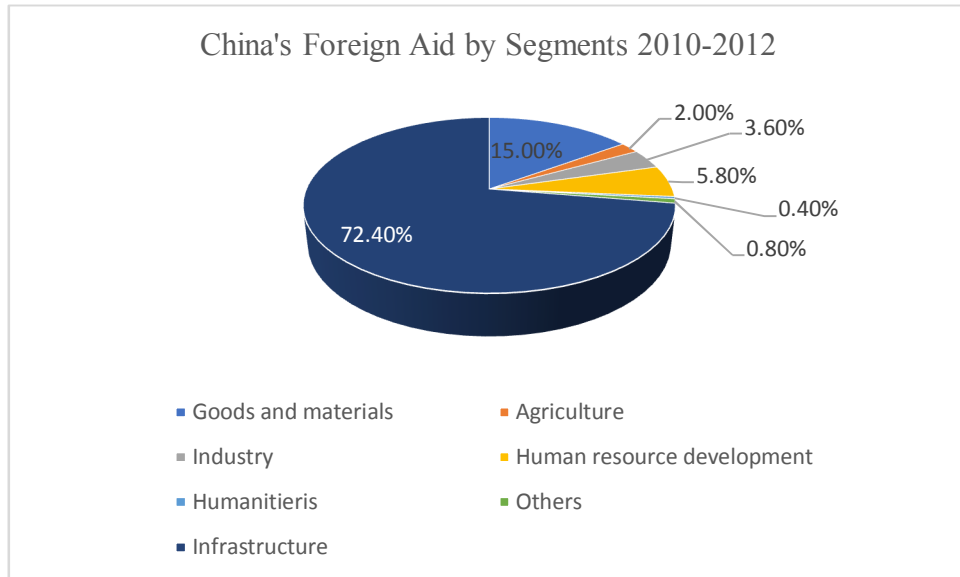


Figure 3 China's foreign aid by segments 2010-2012

Data resources: *China's Foreign Aid (2014) White Paper*

c. Agencies in offering foreign aid by China and U.S.

U.S. has an independent agency of federal government as The United States Agency for International Development (USAID) since the publish of Foreign Assistance Act in 1961. USAID is one of the largest official aid agencies in the world, and accounts for more than half of all U.S. foreign assistance. USAID's programs are authorized by Congress in the Foreign Assistance Act, which Congress supplements through directions in annual funding appropriation acts and other legislation. As an official component of U.S. foreign policy, USAID operates subject to the guidance of the President, Secretary of State, and the National Security Council.¹⁰ Besides, other government branches like Department of state, Department of defense, Department of labor will also participate in the process as well as special agency like Millennium Challenge Corporation and Peace Corps.

China's agency responsible for foreign aid has been under changed recent years. Before 2018, Ministry of Commerce (MOFCOM) and the Ministry of Foreign Affairs (MFA) are two main actors but usually they will get contradicts with each other

¹⁰ USAID. "ADS Chapter 101.2 Agency Programs and Functions" (PDF). Retrieved 22 December 2011.

because of the overlap affairs. MOFCOM managed foreign aid grants and interest-free loans while Export-Import Bank provides the concessional loans. The Chinese government charges all grants and interest free loans to their external assistance budget. In sum, these account for China's "traditional aid program" which "corresponds more or less" with the DAC ODA definition (Xu and Carey, 2015, p.3). In 2018, China set up a new branch as China International Development Cooperation Agency (CIDCA) which is directly affiliated with the State Council. This establishment of this new agency coordinate the foreign aid affairs used to be in charge of MOFCOM and (MFA), with its task of "to formulate strategic guidelines, plans and policies for foreign aid, coordinate and offer advice on major foreign aid issues, advance the country's reforms in matters involving foreign aid, and identify major programs and supervise and evaluate their implementation"¹¹.

d. Recipient's distribution

The recipient's distribution of these two great powers are decided by two main factors. First, foreign aid is being offered to target countries based on different historical context with different countries. Second, it is also dependent on the economic situation and diplomatic objectives by the government.

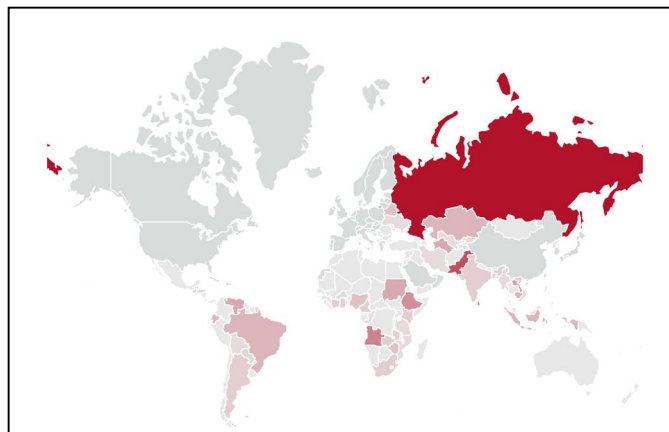


Figure 4 China's Total Official Commitments Distribution From 2000-2014

Data resource: AidData's China Research, <https://www.aiddata.org/China-official-finance>

China's foreign aid are offered through 138 countries with the steady-state growth in recent years. According to AidData's China Research, China has put its foreign aid, in terms of ODA mainly in developing countries as most of the African countries, as well as some countries which possess special relation with China such as Cuba,

¹¹ http://en.cidca.gov.cn/2018-08/01/c_259525.htm

Cambodia and Pakistan. For the part of OOF, China has a preference on Russia, Central Asia, South Asia as well as South America, all of where are full of Chinese construction companies implementing projects for local countries.¹²

Chart 1 Top 10 Countries in Receiving China's Aid in ODA and OOF

Top 10 Recipients of Chinese ODA	Top 10 Recipients of Chinese OOF
Cuba (\$6.7 billion)	Russia (\$36.6 billion)
Cote d'Ivoire (\$4.0 billion)	Pakistan (\$16.3 billion)
Ethiopia (\$3.7 billion)	Angola (\$13.4 billion)
Zimbabwe (\$3.6 billion)	Laos (\$11.0 billion)
Cameroon (\$3.4 billion)	Venezuela (\$10.8 billion)
Nigeria (\$3.1 billion)	Turkmenistan (\$10.1 billion)
Tanzania (\$3.0 billion)	Ecuador (\$9.7 billion)
Cambodia (\$3.0 billion)	Brazil (\$8.5 billion)
Sri Lanka (\$2.8 billion)	Sri Lanka (\$8.2 billion)
Ghana (\$2.5 billion)	Kazakhstan (\$6.7 billion)

Data resource: AidData's China Research, <https://www.aiddata.org/China-official-finance>

The U.S. foreign aid has close relation as its foreign policy, most of the recipients are regarded as U.S. allies in cold era. To control the far east region, U.S. spent a lot on “purchasing allies” of South east Asia and stabilize its regional position. Since the end of the cold war, U.S. has put its focus on assisting central Asia to improve its influences in this region. Another important period should be talked as the one after 9/11, to fight against terrorism, U.S. foreign aid is frequently being offered to central east, south Asia (especially Pakistan) as well as southeast Asia to prevent from the terrorism. Since the 21st century, U.S. has put its focus on the middle-east, north Africa and sub-Saharan Africa countries, most of them are either super poor areas in need of economic development assistance or the important area U.S. need to control terrorism. East Asia actually is not where U.S. spend the most money in, despite its crucial position in U.S. strategy.

¹² China's Global Development Footprint: The clearest look yet at Chinese official finance world wide. <https://www.aiddata.org/China-official-finance>

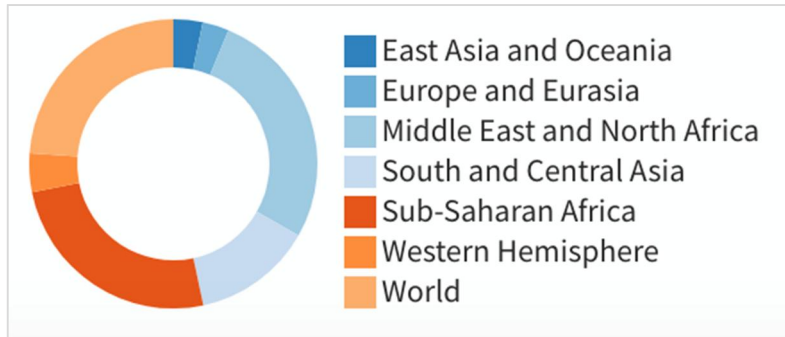


Figure 5 U.S. foreign aid by region in 2016

Data resource: USAID, <https://explorer.usaid.gov/#2016>

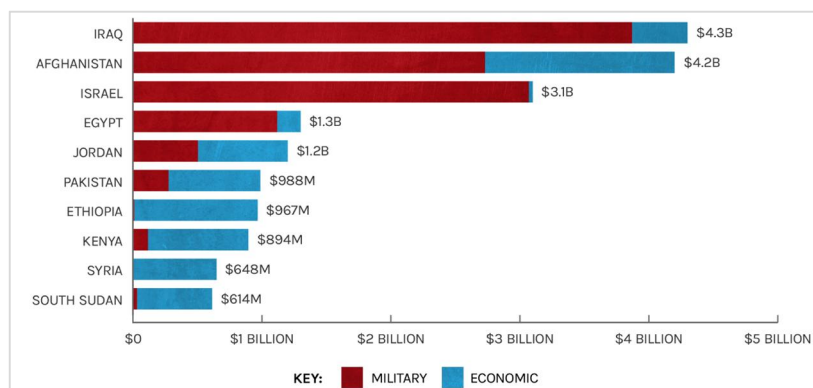


Figure 6 Top 10 Countries in Receiving U.S.'s Aid in 2016

Data resource: USAID, <https://explorer.usaid.gov/#2016>

3. The history of foreign aid in ASEAN from U.S.

a. Different period in offering assistance

U.S. assistance to ASEAN countries has gone through the following stages:

Since the cold war, under the context of containing China, the NSC5429 document issued by Eisenhower government proposed the Western Pacific Defense Agreement, under which Southeast Asia played as a relative significant strategic role and owns following characteristic: 1) Southeast Asian countries has no longer not taken military obligations anymore as previously; 2) Expanded the scope and strengthened power of providing military aid to Southeast Asia; (3) Set up the principle that military aid has priority over economic development, which deeply influenced U.S. aid policy to Southeast Asia later. During this stage (1953-1961), U.S. aid to Southeast Asia became part of Asia's common security plan. The Mutual Security Act of 1951 launched a major American foreign aid program towards member states of the Southeast Asia Treaty Organization, including South Vietnam, the Philippines, Thailand. Some of this assistance also were provided to neutralist countries like

Indonesia, and Myanmar. During this period, the goal of U.S. military assistance was to strengthen the defense capabilities of member countries and provide military bases and facilities for the United States in Asia. While the goal of economic aid is to promote political and economic stability in the countries of the region in case of communism penetration, improve U.S. trade status, and strengthen the supply of raw materials to the United States.¹³

During 60~80s, with the establishment of USAID, U.S. gradually shifted its focus from military assistance to multilateral economic and technical assistance towards Myanmar, Thailand, Indonesia, Cambodia, Laos, Vietnam, the Philippines and other countries, covering the aspects from health, education, food supply, and national economic planning and public administration. In addition, the United States has provided a large amount of surplus agricultural products to Southeast Asian countries, and provided certain development loans to these countries through the Export-Import Bank and the Development Loan Fund (DLF).

At the end of Cold War, huge amount expenditure on foreign aid greatly increased the deficit and thus raise great debate over decreasing foreign assistance inside congress. In 1995, USAID downsized the staff number by 3,000 and the recipient countries by 45. The total amount of foreign aid to developing countries was shrunk by 26%.¹⁴ ASEAN countries were also under attack let alone its none-core-strategy-role in U.S. foreign aid and the foreign assistance received has fallen sharply. After the 9/11 attacks, in the need of counter-terrorism, the United States began to re-adjust its foreign aid strategy. Multilateral aid and humanitarian aid have grown substantially. However, the main recipient country is Afghanistan, Israel, and Iraq. In particular, Bush government possessed suspect over the authoritarian regime of ASEAN countries and thus asked for additional condition as threshold for foreign assistance such as reforming the judicial system, opposing government corruption, and accelerating the democratic process, causing resentment among countries such as ASEAN.

¹³ United Nations, Economic Survey of Asia and Far East, 1954, p. 28). ;1956, pp.32~33

¹⁴ U.S. Congress, Foreign Assistance Reform, Hearing Before the Committee on Foreign Affairs House of Representatives, 2008,6(25)

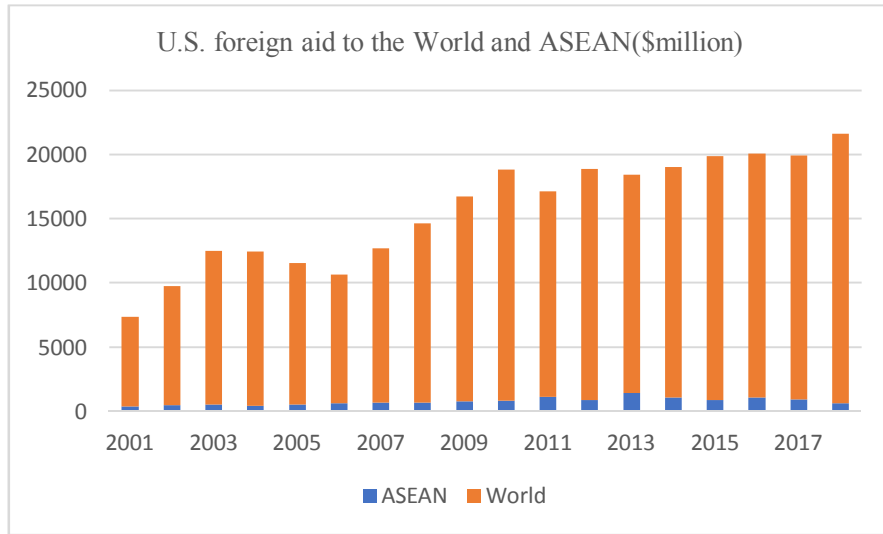


Figure 7 U.S. foreign aid to the world and ASEAN since 21st century

Data resource: USAID

Previously, ASEAN is of *benign neglect* by the U.S., and even regarded as only *a tool to fight against terrorism*.¹⁵ However, Obama administration has raised its strategic position together with the 2010 "Return to Asia" strategic move. During this period, the relation between the United States and ASEAN has been upgraded in an all-round way, and foreign aid has also undergone new changes. Compared with the Bush administration's focus on security, the Obama administration's assistance covers security, economy, society and other fields, and pays more attention to the sustainable development of society. The amount of foreign aid has increased significantly, among which economic aid accounts for more than 90%. In the country level, Indonesia, the Philippines are the two main countries receiving assistance. Besides, Cambodia and Vietnam also receive a considerable amount of assistance. Particularly prominent is Indonesia and the Philippines, where the two countries received 58.08% of the total amount.

¹⁵ Diane K. Mauzy and Brian L. Job. U.S. Policy in Southeast Asia: Limited Re-engagement after Years of Benign Neglect. *Asian Survey*, Vol. 47, No. 4 (July/August 2007), pp. 622-64

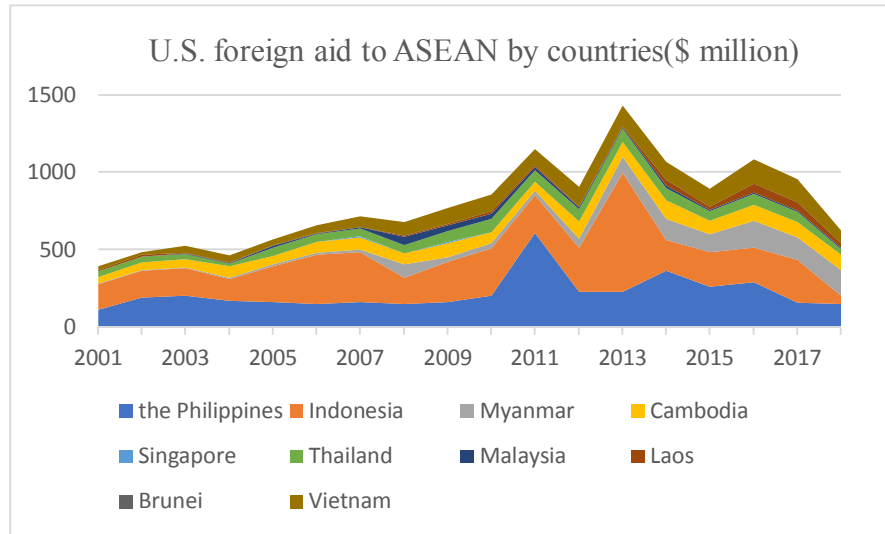


Figure 8 2001-2018 U.S. foreign aid to ASEAN by countries(million \$)

Data resource: USAID, <https://explorer.usaid.gov/aid-trends.html>

b. Main segment in offering assistance

Military assistance has always been the core and main aspect in which U.S. provide foreign aid. the U.S. military has close relationships with the armed forced of Singapore, Thailand and the Philippines. It maintains relations with Malaysia and starts to build contact again with the Indonesian military after many years of politically mandated neglect.¹⁶ The concrete content covers various aspects from training soldiers to providing transport and equipment support for major mission. For example, military training should be provided on a gift basis at the request of Myanmar and arms should be sold to them at a low price. U.S. military assistance to the Philippines has surged from \$10.48 million in 2001 to \$56.46 million in 2002. In 2001, the United States sold advanced air-to-air missiles to Thailand and conducted joint military exercises with Thailand to strengthen Thailand's counter-terrorism forces. In 2007, the U.S. Army and Maritime Special Forces signed a cooperation agreement with Indonesia to further strengthen military cooperation between the two countries. At the same time, the United States sold weapons to the company through the International Military Education and Training (IMET) project.

Economic assistance as the second focus in providing foreign assistance. According to the Statistical Yearbook of the United States Agency¹⁷ for International Development, economic assistance can be divided into four categories: economic

¹⁶ New Focus on U.S.-Southeast Asia Military Ties. <https://www.cfr.org/backgrounder/new-focus-us-southeast-asia-military-ties>

¹⁷ U.S. Overseas Loan and Grants: Obligations and Loan Authorizations, July1, 1945- September 30,2014.

assistance and other economic assistance provided by the United States Agency for International Development and its predecessors, the Ministry of Agriculture, and the State Council. U.S. Agency for International Development assistance includes the Economic Support Fund, the Comprehensive Crisis Fund, Development Assistance, AIDS Resilience Fund, International Disaster & Famine Aid, Social Change Fund and other assistance; the Ministry of Agriculture provides food aid mainly; the State Department provides Democracy Fund, global Health and Child Survival Fund, Narcotics Control Project Fund, Immigration and Refugee Assistance, Non-Proliferation, Counter-Terrorism and Mine Clearance Assistance and other assistance. The last category of economic assistance includes the "Millennium Development Goals", "Peace Jade Team", the African Development Fund, the Ministry of Commerce, the Ministry of National Defense, the Ministry of Energy, the Ministry of National Security, the Ministry of Health and Human Services, the Ministry of Transport, the Ministry of Labor, and the Ministry of Justice. And the Ministry of Finance and other departments provide assistance.

Disaster relief assistance is an important part of U.S. foreign aid after the Cold War. In the initial stage after the 2004 Indonesia tsunami, the United States provided 15 million dollars in aid. Later it has organized large-scale emergency relief activities together with Australia, India and Japan. Subsequently, the Ministry of Defense urgently allocated 631 million yuan for the recovery and reconstruction after the tsunami in eastern and southern Asia, which allocated 400 million and 5.3 million U.S. dollars in relief and reconstruction funds to the disaster areas in Indonesia and Thailand. In 2007, the United States proposed the establishment of a joint regional disaster relief force. In addition, the main military exercise "Golden Cobra" of the United States and Southeast Asian allies has joined the disaster relief, mitigation and civil assistance subjects since 2005. The exercises include peacekeeping and humanitarian relief

Aid in the social life sector accounted for the majority of aid during the Obama era, including commodity assistance, education, population health, and environmental protection. In the case of vulnerable population protection, the Lao International Development Agency conducts intensive training for medical personnel and rehabilitation service personnel to help them acquire the necessary knowledge and skills to better serve the disabled. The program of Feed the Future Asia Innovative Farmers increase farmers' income and ensure food security by promoting new technology to farmers. In terms of environmental protection, the International Development Agency and the "Southeast Asian Fisheries Development" and "Coral Reef, Fisheries, Food Safety Grand Triangle Initiative" form the "Oceans and Fisheries Partnership" to jointly fight illegal Capture and promote the sustainable development

of fisheries and protect biodiversity. The International Development Agency is also working with ASEAN to strengthen law enforcement and advocacy to combat the smuggling and trafficking of wild animals. In addition, the United States provides a wide range of assistance in government governance, including "peace and mediation process assistance," National Democracy Fund grants, civil society management and regulation, popular election participation, anti-corruption, anti-terrorism, democracy, and decentralized governance. Among them, the National Democracy Foundation provides the largest amount of grants from the State Council. Most of these funds are given to non-governmental organizations for the protection of human rights, freedom of information, and dissemination of democratic values and concepts.

4. The history of foreign aid in ASEAN from China

a. Different period in offering assistance

China mainly offered foreign aid to socialist countries Indo-China Peninsula and Vietnam was the first country asking China to offer foreign aid in 1951. Later the recipients were enlarged to Cambodia and Myanmar. In the 1970s, due to the improvement of Sino-U.S. relations, China began to engage with non-socialist countries in Southeast Asia and extended its assistance to the entire Southeast Asian region. In the absence of diplomatic relations, aid has become the main method Chinese government using to contact with ASEAN countries. China promised to offer material like rice, flour, cigarette and medicine, as well as construction equipments. Also, China assigned bilateral economic and technological cooperation agreement with above countries in helping building factories producing cement, paper, iron and coal mining. However, the assistance based on ideology soon became the huge burden on government fiscal expenditure. Meanwhile the non-bilateral sponsoring relation brought hidden trouble when the recipients' requirement can't be satisfied. After economic reform in 1978, Chinese government began to shrink the quota of foreign aid and provided foreign aid according to its fiscal ability. In 1995, China held the conference of foreign aid reform and starting the new era in offering foreign aid after the opening up policy. At the beginning of reform and opening up, Chinese government focused on attracting Southeast Asian economic resources into Chinese society and promoting economic development. Under this context, in the 1990s, China provides support and assistance to Southeast Asia in various ways, strengthens exchanges and cooperation with ASEAN in the economic and cultural fields, and thus enhances China's influence in Southeast Asia.

After 1995, China's foreign aid work has undergone a major adjustment, showing the following characteristics: (1) After the mid-1990s, with the strengthening of China's economic strength and the adjustment of foreign policy,

China's total foreign aid has been increasing and its scale has continued to expand. As a key area of China's foreign aid, China is becoming the protagonist of foreign aid to Southeast Asian countries besides U.S. and Japan. China's unconditional loans to Cambodia in 2006 amounted to 600 million U.S. dollars, equivalent to amount of that from all of the western countries. Different from the previous period, China's foreign aid in this era shows a steady growth trend. Despite the increase in China's total foreign aid, however, the proportion of foreign aid in fiscal expenditure has shown a downward trend; (2) The diversity of forms has been improved. After 1995, China's assistance to Southeast Asian countries includes preferential government interest subsidies, economic and technical assistance, grant, debt relief, project assistance, personnel training, overseas volunteers, medical teams, peacekeeping operations and emergency humanitarian assistance (3) Increase in humanitarian assistance. Since the beginning of the 21st century, the Chinese government has become an actively donors in international disaster relief assistance in providing cash, dispatching rescuing and medical teams, and supporting emergency relief supplies. In 2005, China provided materials worthy of more than 20 million yuan and cash assistance over 100 million U.S. dollars for ASEAN countries who suffered from the typhoon. In addition, the Chinese government has also helped the recipient countries to raise the level of emergency rescue and enhance their ability to prevent disasters and disasters through training and other means.

b. Main segment in offering assistance

China's assistance to Southeast Asia mainly includes two aspects. On the one hand, it is direct material and financial assistance. It can be called tangible aid. The tangible aid is mainly used for humanitarian assistance and engineering construction. On the other hand, it is through culture and education. Assistance in the form of training and training can be called intangible assistance. Intangible assistance mainly includes technology, education and sports support, talent training and volunteer services.

Since 2000s, engineering project construction has become the main assistance China offers to South East countries, which mainly includes road building, energy infrastructure construction and civil facilities constructions. In case of the Philippines, China provided a loan up to 400 million dollars in helping construct railroad connecting the capital Manila and Clark. Meanwhile Chinese company offered 19 D-series high-speed train to improve the transportation efficiency. Chinese company also undertook the largest Hydropower station construction among south east asia, which is located in Myanmar, in the way of providing seller's credit. For civil facility construction, For example, from 1996 to 2002, the Chinese government has paid

1,000 people's water wells in rural areas of Cambodia for free, and solved the problem of drinking water for more than 200,000 people. Chinese Ministry of National Defense provided the Cambodian Ministry of Defense with a number of humanitarian supplies to help Cambodia improve personnel's ability to respond to disaster. The supplies include ambulances, emergency generators, pumps, buses and cars.

After 1995, with the comprehensive reform of China's foreign aid policy, it has greatly expanded China's foreign aid funding channels, and increased the amount of funds provided by banks and financial institutions, namely, government discount loans. Most of the projects supported by the government discount coupons have good economic returns, small and medium-sized scales, and short payback periods. Loan funds are mainly used to purchase equipment, materials, technology, and hire Chinese technicians in China. According to the project loan agreement between the two parties, part of the concessional loan can also be used to purchase necessary equipment, materials, or local expenses for the project in the recipient country. The foreign aid project joint venture cooperation refers to the cooperation between the Chinese enterprises and the recipient countries under the support of the government and the designated institutions, and the small and medium-sized production projects that the Chinese government borrows from the enterprises to implement. Raise some of the funds yourself. The characteristics of joint venture cooperation between foreign aid projects are that the Chinese government and recipient governments provide support in terms of policies and funds, and Chinese enterprises cooperate directly with recipient countries. According to the spirit of reform, China no longer provides new interest-free loans, but at the same time, it decided to increase the proportion of unpaid aid. Although the proportion of gratuitous aid is small compared with foreign loans, its role cannot be ignored. The main target of gratuitous aid is the neighboring friendly countries and least developed countries with relatively difficult economic ability. The free aid mainly undertakes small and medium-sized social welfare projects such as hospitals, schools, low-cost housing, and well-draining water supply, and it does not cost much but has good social benefits.

Chapter III Foreign Aid to Cambodia Since 21th Century

1. Policy change of foreign aid from U.S. and China

a. U.S. foreign aid policy changes

Since the establishment of diplomatic relations between the United States and Cambodia in 1950, bilateral relations have experienced two breaks and two reestablishments. In more than 10 years after the end of the Cold War, under the “benign neglect” of Southeast Asia and the dissatisfaction with the Hun Sen government, U.S. stopped providing foreign assistance to Cambodia, and even pressed ASEAN to prevent Cambodia from becoming a member state. After 9/11, the United States improved its Cambodian policy because of the ASEAN as the second front in the war on terrorism. However, compared with other ASEAN countries, Cambodia has long been not prominent in the U.S. Southeast Asia strategy.

During the first term of the Obama administration, U.S.-Cambodia cooperation is still limited and tentative. However, under the rebalance toward Asia-Pacific strategy, the U.S.-Cambodia bilateral relationship constantly deepened and expanded, especially after Obama’s first visit to Cambodia in November 2012. Since then, the United States has clearly strengthened its comprehensive contact with Cambodia in the political, economic, security, and cultural fields. It has increased its economic assistance and enhanced bilateral trade. Military security cooperation has developed steadily cover comprehensive aspects. After the year of 2012, the amount of assistance to Cambodia keeps drastic growing, compared to the previous period. Cambodia is the fourth-largest recipient of U.S. foreign aid in Southeast Asia after Indonesia, the Philippines, and Vietnam, and the second-largest beneficiary per capita after Timor-Leste.¹⁸

After Trump took office, Cambodia has been affected under the overall deduction of assistance towards developing countries from U.S. In the 2018 fiscal year, U.S. claimed to shrink 70% of economic aid to Cambodia. In addition, after Cambodia’s election in 2018, the White House announced that the United States will cut its aid of about \$8.3 million due to Cambodia’s “regression of recent democracy”. Whereas, U.S. will continue to provide help in medical, agricultural, landmine clearance and other projects that support the Cambodian people.¹⁹

¹⁸ Thomas Lum, U.S.-Cambodia Relations: Issues for the 113th Congress, July 24, 2013, p.11

¹⁹ 柬埔寨民主倒退 美国将削减援助 <https://www.voachinese.com/a/cambodian-20180227/4273775.html>

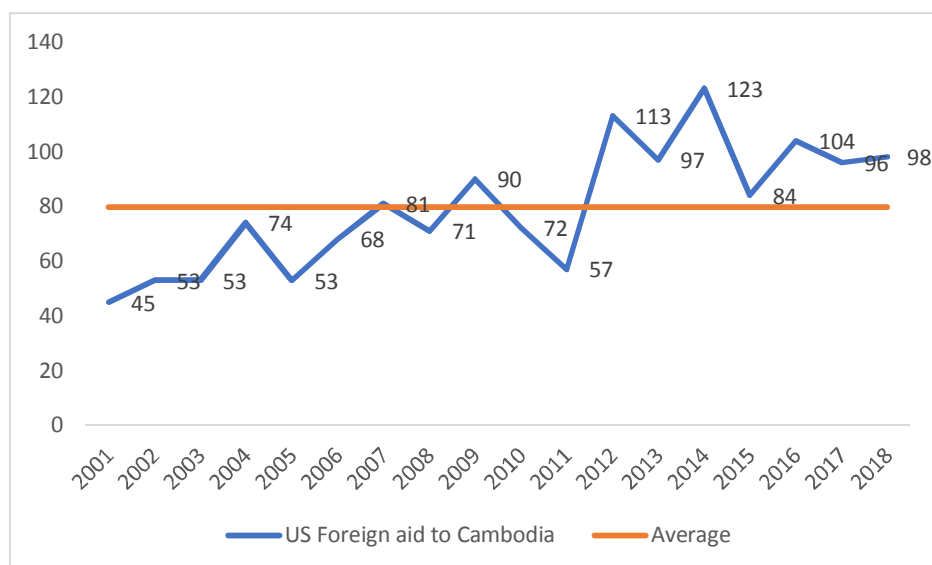


Figure 9 Foreign aid to Cambodia from U.S. since 2001 (\$million)

Source: USAID, https://explorer.usaid.gov/cd/KHM?fiscal_year=2011&measure=Obligations

b. China’s foreign aid policy changes

China adjusted its foreign aid policy to Cambodia since 1990 based on the Cambodia’s domestic situation²⁰, thus Some Chinese scholars divide China’s foreign aid into two stages, with first one from 1953-1989 and second one since 1990 until today. During the first period, Chinese foreign aid mainly consists of military assistance and non-reimbursable assistance while Chinese government change its direction into the feature of economic cooperation and mutual benefit in the second one.

Since the 21st century, economic and trade cooperation between China and ASEAN countries have developed rapidly. In 2003, China joined the Treaty of Amity and Cooperation in Southeast Asia and became the first extraterritorial country to join it. In 2010, China–ASEAN Free Trade Area(CAFTA) was officially launched as being the largest free trade zone among developing countries, after which China and ASEAN countries significantly develop multiple cooperation in the fields of energy,

²⁰ In September 1989, Vietnam began to withdraw its troops from Cambodia, and in August 1990 the process was completed. After the signing of the Paris Agreement in 1991, each side inside Cambodia parties agreed to restore the constitutional monarchy thus achieved national reconciliation. In 1993, Cambodia began general elections and the Kingdom of Cambodia was established, which means 1990-1993 was a transitional period for the country. For the convenience of research, this paper selects the year of 1990 as the starting point, also the year since when Chinese government begun to release the trade data with Cambodia.

security, economy and culture. After 2013, cooperation between China and ASEAN countries is carried out in the context of the Belt and Road Initiative(BRI).

After the 21st century, the year of 2013 can be used as another turning point to describe China's policy change in offering foreign aid. Since 1995, Chinese government began to vigorously promote concessional loans because it tried to realize China's stronger economic extroversion which lead to the need of investment and trade through the promotion of foreign aid. While Cambodia happens to be the best example to show this policy. Some scholars mentioned that during the visit of Jia Qinglin in 2008, the chairman of the Chinese People's Political Consultative Conference, an agreement was signed in which Cambodia was promised to be provided with 200 million U.S. dollars of aid for road construction and other assistance of 14 million U.S. dollars.²¹ In 2009, when Vice President Xi Jinping visited Cambodia, he signed an agreement to grant Cambodia a \$1.2 billion grant and loan, too.

After 2013, with the introduction of the OBOR, China has not only increased its assistance scale to Cambodia, but also broke the way of providing loans for assistance. Its foreign aid becomes more comprehensive, covering all aspects of military and people's livelihood. Especially In 2014, Premier Li Keqiang put forward the The Lancang-Mekong Cooperation mechanism(LMC) at the 17th China-ASEAN Leaders' Meeting. Cambodia is the most important promoter of the cooperation among Lancang-Mekong countries. According to the Council for the Development of Cambodia(CDC), China's foreign aid assistance to Cambodia in 2014-2017 was 347.8, 339.4, 265.3 and 223.5 million dollars respectively, accounting for 37.67%, 49.18%, 47.16% and 39.87% respectively and all holding the first position among other donors. At the 2014 Conference on Interaction and Confidence Building Measures in Asia, the Chinese government announced to provide the Cambodian government with 700 million yuan (about 113 million U.S. dollars) of grant and 200 million yuan (about 32.42 million U.S. dollars) of interest-free loan assistance to support Cambodia's economic and social development.²²

2. Comparison of foreign aid between U.S. and China

a. Details in providing foreign aid

According to U.S. congress budget for foreign operations, U.S. assistance to Cambodia including the following aid accounts and programs, among which economic and development assistance accounts for the absolute majority in most of

²¹ Kong Sothanarith, Chinese arrives with millions in aid. <https://khmernz.blogspot.com/2008/12/chinese-arrive-with-millions-in-aid.html?m=0>

²² 柬媒：中方将向柬埔寨提供7亿元无偿援助 http://news.ifeng.com/a/20140520/40382220_0.shtml

the times, yet one can still see between 2009-2015 the proportion of military assistance to Cambodia emerged the slight growth trend, which is in accordance with Obama's total foreign strategy of Return-to-Asia and its emphasis on ASEAN country as well as military part again.

Economic assistance, including Economic Support Funds (ESF): Khmer Rouge Tribunal (ECCC). Development assistance, including Development Assistance as democratic elections, civil society, mass communications, trafficking in persons, agricultural productivity, environmental preservation; Global Health as HIV/AIDS, tuberculosis, malaria, maternal and child health, family planning and reproductive health, access to health care, nutrition; Nonproliferation as Antiterrorism, Demining and Related Programs (NADR): Explosive remnants of war (ERW) clearance, border security; Global and Regional Programs as Global Climate Change Initiative, East Asia and Pacific trafficking-in-persons. U.S. foreign assistance to Cambodia includes efforts to strengthen democratic institutions and civil society; reduce child and maternal mortality; and combat HIV/AIDS and other infectious diseases. International Military Education and Training (IMET) programs provide English language instruction and aim to expose the next generation of Cambodia's military leaders to "American ways and values."²³ U.S. demining assistance supports the removal of landmines and other unexploded ordnance

Military assistance as Foreign Military Financing (FMF): English-language training, military equipment, vehicle maintenance and logistical management training, maritime security; International Military Education and Training (IMET) as English-language, leadership training, maritime security. The U.S. aid to the Cambodian Army was implemented through Foreign Military Financing (FMF). Initially in 2006, it provided Cambodia with \$49,000 in military assistance for counter-terrorism. Since then, it has gradually increased every year, reaching \$6 million in 2012. Although the military cooperation between the United States and Cambodia is not as conspicuous as that between the Philippines and Thailand, it still achieves steady growth since Obama's administration. Its military cooperation mainly consists of military high-level visits, port visits, joint military exercises, military assistance and personnel training. The U.S.-Cambodia joint military exercises are mainly concentrated in non-traditional security fields such as humanitarian relief and peacekeeping, such as Angkor Sentinel, Pacific Partnership, and Operation Pacific Angel. In recent years, bilateral cooperation has gradually penetrated into the traditional security field, but it has mainly been carried out under the multilateral joint military exercise. For example, Cambodia has participated in the

²³ Congressional Budget Justification, Department of State, Foreign Operations, and Related Programs, Fiscal Year 2019.

U.S.-led Multilateral Exercise of "Cooperation Afloat Readiness and Training" (CARAT). And the "Golden Cobra" onshore multilateral exercises.

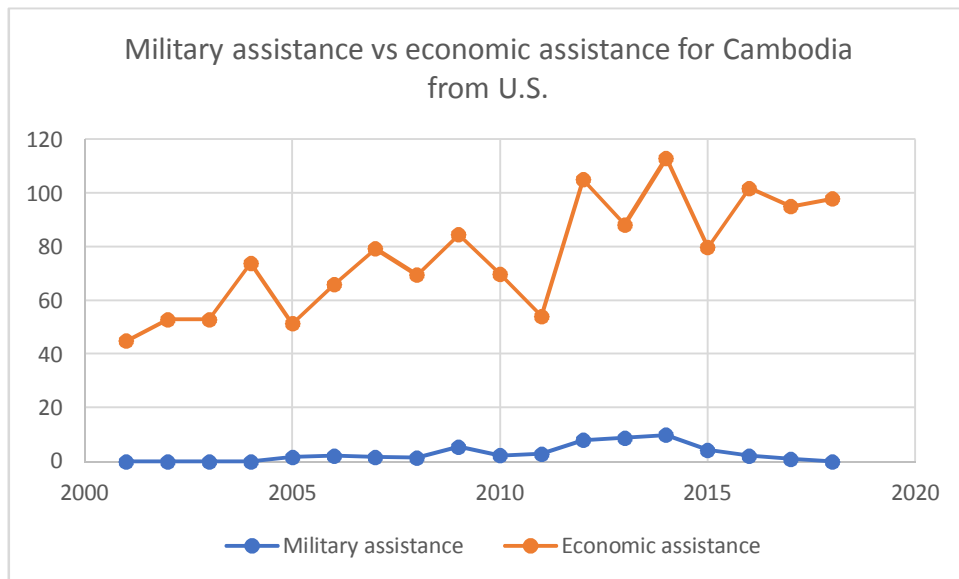


Figure 10 Military and economic assistance to Cambodia from U.S. since 2001

Source: Organized from USAID

From 2000 to 2014, China's total aid to Cambodia was approximately 3 billion dollars, mainly used in the areas of military assistance, economic development as infrastructure construction and people's livelihood such as agriculture, health and education.

Since the 21st century, Cambodia has entered into peace building process, and military expenditure has been greatly reduced. Thus, China has also adjusted its foreign policy to emphasize economic cooperation and mutual benefit, and the scope of military assistance to Cambodia has also decreased significantly. But still China is the largest military donor to the kingdom. In June 2018, China agreed to provide Cambodia with military assistance worth more than 100 million U.S. dollars. It is reported that this assistance includes helping the country build a practical training base and provide weapons and equipment. China is a long-term supplier of Cambodian military weapons. In 2009, Cambodia held a grand parade and the used weapons were almost made in China. Cambodia has long history in sending officers to China for training. China has also provided Cambodia with weapons including assault rifles, military vehicles and helicopters.²⁴

²⁴ 从公交车到数亿资金，细数这些年来中国对柬埔寨的援助 <http://dy.163.com/v2/article/detail/DPBNL831054509X1.html>

Construction project assistance. China's aid projects to Cambodia mainly include transportation infrastructure (roads, bridges, dams, ports), social public projects (sports halls, hospitals, government and parliament office buildings), power facilities, education and agricultural irrigation systems, etc. In 2017, China provided Cambodia with 1.65 billion yuan of free aid to support Cambodia's construction of rural transportation infrastructure to serve local economic and social development. Currently, there is more than 60% of the roads which in total can be added up to 2,300 kilometers are aided by the Chinese, with a total amount of about 1.3 billion U.S. dollars. In most circumstances, main facilities as bridges, roads, hydropower stations, oil and gas development are mainly developed by Chinese state-owned companies, but there are still some private companies with stronger ability have begun to invest in large projects recently, such as Huawei's investment in the expansion of the national telephone network in Cambodia.

Debt Relief. Since 2002, China has implemented the "Asia Debt Reduction Plan" and it reduced all of Cambodia's debts due.²⁵ In 2010, China also exempted Cambodia from more than U.S.\$200 million in debt. After Xi Jinping and Cambodian Prime Minister Hun Sen talked in 2016, Cambodia said that China will exempt Cambodia from 600 million yuan in debt and will provide another 100-million-yuan loan to the Cambodian Ministry of National Defense.²⁶

Humanitarian assistance. In recent years, China has gradually enriched and expanded its forms and fields of aid to Cambodia. For example, China and Cambodia have achieved significant cooperation in the field of health care. Giving modern medical equipment, sending foreign aid medical teams, and implementing the "Lancang-Meikong Bright Action" have become an important way for China to provide medical assistance to Cambodia in recent years. In 2018, the Cambodian Mine Action Center received \$2.5 million as grant from Chinese government to carry out mine clearance and humanitarian operations.²⁷

Livelihood improvement. In June 2018, Cambodia and China signed an agreement in which the Chinese government will provide loan assistance to Cambodia to improve the environment, educational equipment and construction of the secondary schools of the 26 schools and the three teachers of Phnom Penh City, Kampong Cham and Ganla Province.²⁸ Human resource development. A total of 8%

²⁵ 中国与东盟经济合作 实施“亚洲减债计划” <http://business.sohu.com/61/47/article204174761.shtml>

²⁶ 中国将免除柬埔寨6亿元债务. <https://www.dw.com/zh/%E4%B8%AD%E5%9B%BD%E5%B0%86%E5%85%8D%E9%99%A4%E6%9F%AC%E5%9F%94%E5%AF%A86%E4%BA%BF%E5%85%83%E5%80%BA%E5%8A%A1/a-36036734>

²⁷ 中国无偿援助柬埔寨250万美金进行排雷 http://www.sohu.com/a/232876918_612979

²⁸ 中国17年援助柬埔寨近53亿美元 http://www.sohu.com/a/236864446_99978839

of students went to China for training, and the personnel came from the core departments of the government such as the Prime Minister's Office, ministry of finance and ministry of Diplomatic International Cooperation Department.

Election assistance. According to the Phnom Penh Post, China is the only one who provided political assistance towards Cambodia when Cambodia is under stress from western pressure. Aiming at the election in 2018, in addition to providing financial assistance, China also sent an ombudsman delegation to emphasize the reasonable legitimacy of this election and continue to support the Hun Sen government. During the election, China donated U.S.\$20 million to the Cambodian National Election Commission for polling stations, laptops, computers and other equipment. The committee is responsible for supervising the election.²⁹

b. Comparison of the two donors in providing foreign aid □

Although both of these great power offers foreign aid out of the consideration of maintaining national interests, the starting points for China and U.S. to provide foreign assistance to Cambodia is totally different, which is reflected in the aspects they mainly provide assistance for. Considering Cambodia's relatively weak position in U.S.'s total strategy of ASEAN, the aim of providing assistance does not include as much important role as it does to other countries like the Philippines or Indonesia. Thus, during the previous decade, U.S. engagement with the Kingdom slowly strengthened as western countries continued to pressure Hun Sen to abide by democratic norms and institutions and as the U.S. government attempted to prevent Cambodia from falling too heavily under China's influence.³⁰ Thus, during the past decade, U.S. interests and foreign assistance efforts in Cambodia have included strengthening democratic institutions and norms, promoting the rule of law, increasing bilateral trade and investment, supporting economic growth, reducing poverty, and improving public health. Plus, The U.S. government has supported demining and related activities in Cambodia, which is among the countries most heavily affected by unexploded ordnance (UXO). Military engagement has included U.S. naval port visits, U.S. military assistance and training, and joint exercises, which accounts for the minority of the whole assistance.³¹ Plus, for U.S., the aid targets are concentrated in the grassroots level, and the aid field is concentrated in the people's livelihood. For example, USAID/Cambodia proposes a comprehensive and

²⁹ Cambodia's Hun Sen has an important election backer: China, WORLD NEWS, JULY 28, 2018, <https://www.reuters.com/article/us-Cambodia-election-China/cambodias-hun-sen-has-an-important-election-backer-China-idUSKBN1KJ01U>

³⁰ Cambodia: Background and U.S. Relations. Congressional Research Service. <https://crsreports.congress.gov/R44037>

³¹ Cambodia: Background and U.S. Relations. Congressional Research Service. <https://crsreports.congress.gov/R44037>

innovative 5-year HIV/AIDS program that will focus on technical innovation and capacity building. Also, the Quality Health Services (QHS) project will improve the services in public-sector clinics and hospitals, to improve maternal, neonatal and child healthcare in nine focus provinces.

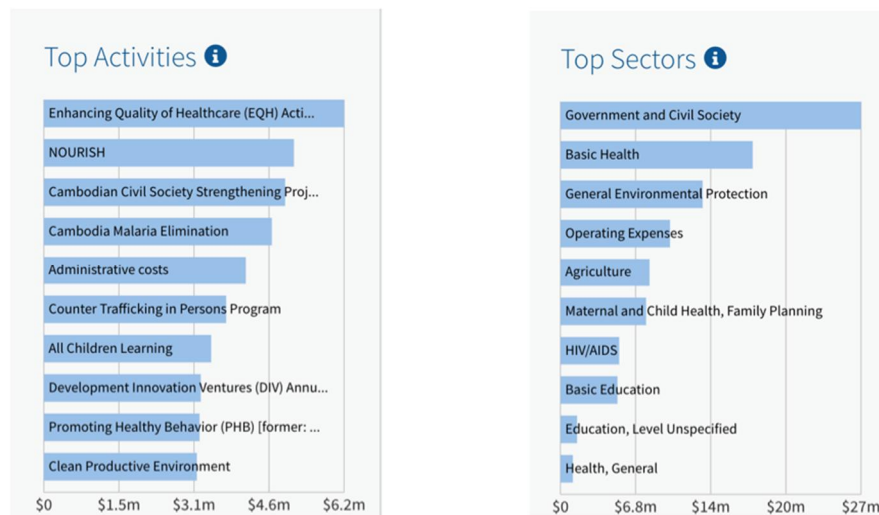


Figure 11 Top 10 activities and sectors U.S. provide for Cambodia in 2017

Data resource: USAID, https://explorer.usaid.gov/cd/KHM?fiscal_year=2018&measure=Obligations

For China, Cambodia is not only an important neighbor country in Southeast Asia but an attractive economic partner in investing internationally. Peripheral security has always been the focus of China's foreign policy which means Southeast Asia is the traditional focus of China's diplomacy, especially when considering active terrorists in Southeast Asia, China needs to stabilize and cooperate with Southeast Asia in various fields like the field of counter-terrorism. A stable Cambodia is key factor in ensuring China's peripheral security. In addition, Indo-China countries are neighborhood of China's Guangxi and Yunnan provinces, as the important part of China's total western economic development plan, sharing areas of common strategic interests together with China. The first step for China executing "going out strategy" is to consider this area. As what the table demonstrates, China's foreign aid to Cambodia went through a relative tough period followed rapid growth since 2004. After entering the 21st century, trade and investment between China and Cambodia have also grown rapidly. We can predict from the table that there is a correlation between China's foreign aid, FDI and trade between China and Cambodia with the indication that bilateral economic relations have been significantly enhanced. One of the main reasons for China's vigorous promotion of preferential loan assistance since the 21st century is that Chinese government starts to realize that China's economic

extroversion is getting stronger and stronger, and it is necessary to strengthen investment in neighboring countries. The policy of “foreign aid driving investment and trade” has achieved remarkable results in the Cambodia case.

Chart 2 China’s foreign aid, trade and investment with Cambodia(\$thousand)

	Cambodia’s total foreign aid	Foreign aid from China	Bilateral Trade
2000	466,813	2,610	223,550
2001	471,842	16,325	240,410
2002	530,923	5,723	276,110
2003	539,507	5,573	320,050
2004	555,392	32,470	481,710
2005	609,953	46,638	563,340
2006	713,241	53,273	732,860
2007	790,377	92,446	933,990
2008	887,941	127,912	1,134,370
2009	951,000	114,697	944,150
2010	-	1,541	1,441,000
2011	-	3,320	2,499,000
2012	-	4,607	2,923,000
2013	-	4,366	3,770,000
2014	-	3,430	3,760,000
2015	4,430,000	3,488	4,430,000
2016	4,760,000	-	5,000,000
2017	5,800,000	-	5,600,000

Data resource: the Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia(CDC): The Cambodia Aid Effectiveness Report 2008; China Commerce Year Book(2004~2009), China Foreign Economic and Trade Year Book (1996~2003), China Statistical Yearbook (1993~2017)

Thus, on the contrary, China’s assistance to Cambodia is concentrated in transportation infrastructure (highway), social public projects (sports halls) and other fields, showing the characteristics of “high, large and upper”, and various small and medium-sized “grassroots assistance closely related to local people’s interests”. "The project is relatively small. Also, China’s foreign aid to Cambodia is mainly characterized by a small amount of grants, with most of them concessional loans. According to a press release issued by the Ministry of Finance and Economy of Cambodia on June 19, from June 2001 to June 19, 2018, China has provided 5.476

billion U.S. dollars in loan assistance to Cambodia, of which free aid and interest-free loans amounted to 1.221 billion U.S. dollars.³²In 2006, Chinese Premier Wen Jiabao promised to provide \$600 million in concessional loans and grants when visiting Cambodia. Most of them were concessional loans, such as a \$200 million low-interest loan for building a bridge across the Tonle Sap and Mekong Rivers. Grants are only tens of millions of dollars, including \$32.5 million in grants for repairing Angkor Wat and building a ministerial office building. In addition, some debts were cancelled and 30 fire engines were donated.

For the participation by whether government or NGO, for U.S., implementing partners are the government agencies, private firms, organizations, or other parties that execute specific U.S. foreign assistance work for implementing agencies. For top 10 partners supporting assistance to Cambodia, national department only accounts for 3 positions. The others include institute and various NGO such as University Research Co., LLC, ABT Associates, Inc., Save the Children Federation, Inc., Reproductive and Child Health Alliance(Cambodia).³³ In the bilateral aid cooperation between China and Cambodia, foreign aid is mostly provided by the central government, resulting in a low level of participation in the single body of Cambodian aid, the central government, civil society NGOs, chambers of commerce and natural persons. The number of NGOs is small and the strength is small. The relatively large-scale China Charity Federation and the China Red Cross Society still have a strong official color.

However, for both of the countries, summit diplomacy plays a significant role in promoting foreign aid. According to the announcement of the U.S. Embassy in Cambodia, the number of visits by senior U.S. officials to Cambodia has increased significantly since 2012, and the level of officials has increased significantly; and the results of the visit have become more substantive. In addition to bilateral visits, the United States has also actively used the multilateral frameworks such as the ASEAN Regional Forum, the East Asia Summit, the ASEAN Defense Ministers Expansion Conference, to influence Cambodia's diplomatic direction. Beijing also promotes its aid policy through frequent visits by senior officials. In comparison, Chinese officials visited Thailand and Cambodia twice in 2004 and 2005 at least twice as many as U.S. officials. Propaganda of aid policy is part of an increasingly mature Chinese public diplomacy and another low-level soft power.³⁴ On the aspect of civilian level, in September 2010, the United States sent 49 Peace Corps volunteers to Cambodia, the largest of the U.S. overseas peace teams. These volunteers live in Cambodian

³² 中国 17 年援助柬埔寨近 53 亿美元 http://www.sohu.com/a/236864446_99978839

³³ USAID, U.S. Foreign Aid by Country, Cambodia in 2017. <https://explorer.usaid.gov/cd/KHM>

³⁴ 中国魅力：软权力的影响卡内基国际和平基金会《政策简讯》，第 47 期，2006 年 6 月

families and learn Cambodian language and culture. According to the U.S. Embassy in Cambodia, from 2006 to September 2012, a total of 285 Peace Corps volunteers were stationed in 15 provinces in Cambodia to invite potential individuals, intellectuals and outstanding youth to visit the United States. Or receive training to gain an in-depth understanding of American culture and social systems. In contrast, China's civil public foreign aid is slightly inferior.

Chart 3 High-level visits of Cambodia leaders to U.S. and vice versa

Year	Cambodia-U.S. high-level visits
2003	Secretary of State Colin Powell
2007	Chairman of the Committee on Asia and the Pacific, Eni Faleomavaega
2008	Under Secretary of State John Negroponte; Deputy Assistant Secretary of State Scot Marciel
2009	Deputy Assistant Secretary of State Scot Marciel; Senator Jim Webb; Defense Minister Tea Banh (Cambodia)
2010	Secretary of State Hilary Clinton; Deputy Secretary of State William Burns; Chairman of the Committee on Asia and the Pacific, Eni Faleomavaega
2012	President Barack Obama; Secretary of State Hilary Clinton; Foreign Minister Hor Namhong (Cambodia)
2013	Assistant Secretary of State Michael Posner; Senator Mary Landrieu; Deputy Assistant Secretary of State Scot Marciel
2016	Assistant Secretary of State Daniel Russel; Assistant Secretary of State for DHRL, Tom Malinowski; Under Secretary of State for Economic Growth, Energy, and the Environment Catherine A. Novelli
2017	Deputy Assistant Secretary of State for East Asian and Pacific Affairs W. Patrick Murphy

Source: Cheunboran, 2014, *U.S. Embassy in Cambodia*

Chart 4 High-level visits of Cambodia leaders to China and vice versa

Year	Cambodia-China high-level visits
2000	President Jiang Zemin
2001	Chairman of the Standing Committee of the National People's Congress Li Peng; President of Senate Chea Sim(Cambodia); President of Cambodian Red Cross Bunray Hun Sen (Cambodia)
2002	Premier of State Council Zhu Rongji
2004	Vice Premier of State Council Wu Yi
2004	President of Cambodian Red Cross Bunray Hun Sen (Cambodia)
2005	President of Cambodian Red Cross Bunray Hun Sen (Cambodia)

2006	Premier of State Council Wen Jiabao; Foreign Minister Hor Namhong (Cambodia); Foreign Minister Hor Namhong (Cambodia)
2007	National Assembly President Heng Samrin (Cambodia)
2008	King Norodom Sihamoni (Cambodia); President of Senate Chea Sim (Cambodia)
2009	Vice President Xi Jinping
2010	Vice Premier of State Council Hui Liangyu; Chairman of the Standing Committee of the National People's Congress Wu Bangguo; President of Senate Chea Sim (Cambodia)
2011	National Assembly President Heng Samrin (Cambodia)
2012	President Hu Jintao; Premier of State Council Wen Jiabao; King Norodom Sihamoni (Cambodia); Foreign Minister Hor Namhong (Cambodia)
2013	Prime minister Li Keqiang; Foreign Minister Wang Yi; Prime Minister Hun Sen (Cambodia); King Norodom Sihamoni (Cambodia);
2014	Prime Minister Hun Sen (Cambodia); King Norodom Sihamoni (Cambodia); State Councilor Yang Jiechi
2015	King Norodom Sihamoni (Cambodia); Prime Minister Hun Sen (Cambodia)
2016	President Xi Jinping; Vice prime minister Hor Namhong (Cambodia); Minister of CPC Central Committee Song Tao
2017	Prime Minister Hun Sen (Cambodia); State Councilor Yang Jiechi; Member of the CPC Standing Committee Liu Yunshan
2018	Prime minister Li Keqiang
2019	Prime Minister Hun Sen (Cambodia); King Norodom Sihamoni (Cambodia)

Source: Cheunboran, 2014, China's Embassy in Cambodia

3. Cambodia's changing attitudes between China and U.S.

Foreign aid can be seen as both a means of realizing national interests and a barometer of measuring the intimacy of relations between the two countries. Post-war Cambodia is in great need of rebuild. In order to end the Cambodian-Vietnamese war and set out a framework for a liberal democracy, together with other 18 nations Cambodia signed The Paris Peace Agreement pledging to support the country's sovereignty and reconstruction in 1991. Since then Cambodia began to rely heavily on aid from its major foreign aid donors, especially Japan, Korea, USA, Australia and France.

U.S. is one of Cambodia's important donors. Although from 1998 to 2007, the U.S. Congress prohibited the government from providing assistance to Cambodia to force Hun Sen to fully realize democracy in his country, it still allowed some NGOs and humanitarian programs to provide assistance to Cambodia. Later in 2007, the bilateral relation between U.S. and Cambodia was furthered, and the U.S.

government removed some restrictions on offering foreign aid. In particular, during the Obama administration, the assistance to Cambodia was increased. The United States provided approximately \$235 million in the sector of improving good governance, democracy and civil society assistance between 1993 and 2018. However, since China's implementation of the Belt and Road Initiative, Cambodia is receiving more and more assistance from this old donor. In the past two decades, China has provided about \$15 billion in aid and concessional loans to Cambodia, and about 42% of the country's foreign debt is owed to China.³⁵ China's foreign aid to Cambodia, including development financing and grants, China's infrastructure, government buildings and sports facilities, and support for public health and education, have exerted dominant influence on the development of the kingdom.

Cambodia's swing on foreign aid offered by China and U.S. can be understood in the following three aspects:

The changing strategic differences in Southeast Asia of China and the United States have led to changes in the amount of foreign assistance to Cambodia. Southeast Asia has always occupied a "special" position in the U.S. Asian strategy. Since the end of the Second World War, after three stages of "benign neglect", "selective re-contact" and "all-round intervention", the relation between the United States and ASEAN countries has reached an unprecedented strategic height during the Obama administration. However, a series of internal and external policy adjustments that Trump made after his coming to power broke the traditional American Southeast Asian policy logic. Some of the scholars even claimed that "the United States is losing Southeast Asia."³⁶ After the release of the India-Pacific strategy, Trump began to re-emphasize the strategic position of Southeast Asia, but what he put more emphasis on is the cooperation over the security issue along with the traditional allies. What's more, it is still tepid to the peninsula countries such as Cambodia.

However, since 2010, China has begun to account dominant position in offering foreign aid to Cambodia compared to other donors. For example, in 2006, Premier Wen Jiabao promised to give the country 800 million U.S. dollars in aid, while in the same year all other 29 donors had the total amount of 713 million U.S. dollars. In particular, China-Cambodia relations have warmed up after the release of the 21st Century Maritime Silk Road. This is not only because ASEAN's strategic position in China has been further enhanced in the Xi Jinping era, but also because Cambodia

³⁵ Pheakdey Heng, "Are China's Gifts a Blessing or a Curse for Cambodia," East Asia Forum, August 29, 2018; Kuch Naren and Ben Pavior, "Bilateral Trade with China Jumps to \$4.8 Billion," *Cambodia Daily*, April 12, 2017; Luke Hunt, "Analysts: Cambodia to 'Pay Price' for Siding with China," op. cit.

³⁶ Mark J. Valencia. Is America Losing the Soft Power Contest in Southeast Asia? *The Diplomat*, August 12, 2017

has traditionally maintained friendly relations with China, making it a good starting point for China to ease relations with neighboring countries in Southeast Asia.

The differences in foreign aid by U.S. and China also affect Cambodia's choice. There are two preconditions for U.S. to provide assistance to Cambodia. One is democracy and the other is human rights. Although the demanding requirements made Cambodia carry out elections, the result was not very effective. In the past, Cambodia received a large amount of assistance from the West. Therefore, European and American countries have been able to restrict Hun Sen's violation of human rights more or less, but because of Trump has not paid much attention to human rights since he became president of the United States, and has considerably reduced the promotion of democracy and human rights in Cambodia.³⁷ China's assistance without any conditions gives Cambodia more room for maneuver. The Cambodian government's actions in recent months have been emboldened by the continued support from China — through direct loans, a flood of foreign direct investment, and public approval of the actions. This has allowed Cambodia to shrug off U.S funding and its linked development goals and human rights requirements without fear of a drop-in cash.³⁸

Plus, considering Cambodia's regime and political institution, the prime minister Hun Sen's preference should also be taken into consideration. the perception and personality of the Prime Minister Hun Sen did exert enormous impacts on Cambodia's foreign policy which burgeoned to be steadfastly more supportive to China than to the United States. Given his unqualified power in Cambodian politics since 1997 together with his unfolded personality and perception, it gave a powerful impetus behind the stronger ties of Phnom Penh with Beijing. However, his harrowing experiences with both the United States and China were discernibly incredulous. Elaborately, this was because in the past decades, apparently 1970s and 1980s, the prime minister felt strong antipathy towards both China and the United States, yet after the July-1997 tussle, Hun Sen appeared to endear to China act. Beijing not just recognized his government and not joined hand with Western countries to condemn that his faction was staging coup d'état but also provided his administration with sizable assistance in the wake of overriding need for resources, militarily and financially. Seemingly, he might have buried the historical animosity

³⁷ Kurlantzick, Joshua. 2017. "The Trumping of Cambodian Democracy." Project Syndicate, December 1.

³⁸ Peter Ford, "U.S.-Cambodia Relations at Their 'Worst Point,' As China Steps in to Fill the Void," *ThinkProgress*, December 14, 2017

when it came to a business of the country and his administration, given that Chinese helps since 1997 were overwhelming for his government.³⁹

Cambodia's dependence on U.S. aid is gradually weakening while China's influence keeps expanding. In 2017, the Cambodian government suspended Angkor Sentinel, an annual bilateral military exercise launched in 2010 that focuses on international peacekeeping, humanitarian assistance, and military-to-military cooperation. Some observers interpreted the unilateral action as a sign of Hun Sen's further distancing the Kingdom from the United States.⁴⁰ The Cambodian government also postponed indefinitely a U.S. humanitarian mission in the Kingdom, the U.S. Navy Mobile Construction Battalion (also known as Seabees), without an explanation. China's gaining political support from Cambodia both domestically and internationally. According to the Cambodia China Times, Prime Minister Hun Sen stressed that Cambodia and China are close as brothers to each other. He thanked China for its long-term support and assistance to Cambodia and enable Cambodia to continue its steady development. With regard to Hun Sen's support, Hun Sen responded to Beijing's call for more measures to protect Chinese investment and attacked those who questioned Cambodia's growing dependence on its northern neighbor's economy. He also defended China's overseas development projects and refutes criticism that such projects have created an unsustainable debt burden on recipient countries, causing lasting environmental damage and the displacement of local workers.

Chinese generous foreign assistance is in exchange for Cambodia's both political support domestically and internationally, including disputes over the sovereignty of the South China Sea between China and other ASEAN countries led by the Philippines and Vietnam. In April 2012, the Philippines and Vietnam attempted to internationalize the South China Sea issue at the ASEAN summit. At the time of the ASEAN rotating chairman, Cambodia withstood various pressures. During the summit, it did not publish any unfavorable remarks about the South China Sea issue, not even making it entered the agenda of the ASEAN summit. For the first time in the history of the ASEAN Foreign Ministers' Meeting, the joint communique was not issued. Plus, in 2016, the 49th ASEAN Foreign Ministers Meeting was held in Laos. In the context of the South China Sea arbitration case, many member states hope that the meeting will reach an agreement on relevant issues and form a compromise document. However, Cambodia, widely regarded as an agent of China,

³⁹ Tem Oudom, Cambodia between China and the United States. Bachelor's Thesis of Royal University of Phnom Penh, 2014

⁴⁰ Economist Intelligence Unit, "Hun Sen Loosens U.S. Ties Ahead of Crucial Elections," April 10, 2017; "Cambodia's Decision to Nix Military Exercises with U.S. Leaves Many Scratching Their Heads," *Southeast Asia Globe*, January 19, 2017

at the time prevented the mention of the International Court of Justice in the joint communique that did not recognize the claims of Beijing's South China Sea. Because of the Cambodia's opposition, The ASEAN Foreign Ministers' Meeting did not reach an agreement on China's issue.⁴¹

⁴¹ 南海问题：东盟想抱团 金边不答应 <https://www.dw.com/zh/%E5%8D%97%E6%B5%B7%E9%97%AE%E9%A2%98%E4%B8%9C%E7%9B%9F%E6%83%B3%E6%8A%B1%E5%9B%A2-%E9%87%91%E8%BE%B9%E4%B8%8D%E7%AD%94%E5%BA%94/a-19422866>

Chapter IV Foreign Aid to the Philippines Since 21th Century

1. Policy change of foreign aid from U.S. and China

a. U.S. foreign aid policy changes

Ever since the Cold War, the Philippines has always been the major non-NATO ally and a major strategic support in Asia of America. Thus, foreign assistance from U.S. has always maintained at a high level, which makes the Philippines one of the recipients who received most of the foreign assistance from U.S. compared to other regional countries. However, U.S. strategic planning for Southeast Asia changes from 21th century, along with several adjustments of foreign aid policy towards the Philippines since then.

After 9/11, the Bush administration tried to raise foreign aid to a national strategic level along with the transformational diplomacy, which refers to U.S. should strengthen the cooperation with those countries who share the same values and help them achieve democracy. USAID pointed out that the Philippines is one of the most important partner in fighting against terrorists together with U.S. However, the terrorists act inside the Philippines and low efficiency of Arroyo's administration along with the bad economic development caused by 1998 Asian financial crisis made the country the possible incubator for terrorism. Thus, USAID set up the goal as "Revitalizing the Economy and Transforming Governance to Accelerate Sustainable Growth"⁴² to the Philippines from 2000 to 2004, mainly help the country to redevelop its economic, improve its medical circumstance as well as the environment management. The principle later was changed into "enhanced security and accelerated progress towards sustainable and equitable growth"⁴³ in the period of 2005-2009, with the aspects covering from peace and security, governing justly and democratically, investing in people and economic growth as well as humanitarian assistance.⁴⁴ The point of regional management especially the aspects in combatting terrorism, enhance regional security condition was reemphasized in this period.⁴⁵

⁴² Country Assistance Strategy Philippines, U.S. Mission to the Philippines 2000-2004

⁴³ Country Assistance Strategy Philippines, U.S. Mission to the Philippines 2005-2009

⁴⁴ USAID, Philippines, https://pdf.usaid.gov/pdf_docs/Pdacq296.pdf

⁴⁵ USAID, Philippines, Country Assistance Strategy Philippines, FY2005-2009, p.3

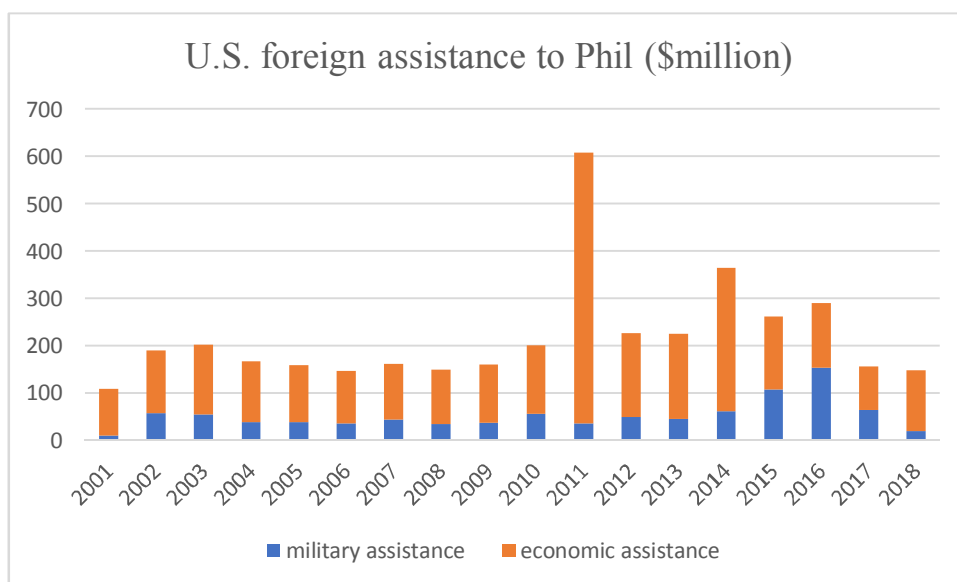


Figure 12 Foreign aid to the Philippines from U.S. since 2001

Source: USAID, https://explorer.usaid.gov/cd/PHL?measure=Obligations&fiscal_year=2011

Obama administration renewed its U.S. strategic emphasize on the combination of both hard power and soft power as what's they claimed as "smart power"⁴⁶. One of the principles in using smart power is to develop cooperation with partner countries and strengthen America's traditional core power which is economic influence.⁴⁷ Especially when the Philippines together with Japan, Korea, Thailand and Australia becomes five pillar allies in Asia-Pacific of U.S., the foreign aid it received from U.S. witnessed significant growth both in economic and military. In 2012, U.S. non-military assistance increased to 30 million dollars to the Philippines which is three times more than the original budget. In 2010, the U.S. Foreign Aid project together with the Millennium Challenge Account (MCA) signed a five-year contract which is worthy of \$434 million with the Philippine government to help create more jobs, reduce poverty levels and promote economic growth. The United States continues to support efforts to promote good governance at the local and national levels, improve electoral systems and promote rule of law. Many programs across other sectors, including in security, health, education, and natural resource management, also contribute to improved governance, especially at the local level. During his tenure, Obama strengthened in offering military assistance to the Philippines. Since 2008, the U.S. government listed the human rights status as part of

⁴⁶ Obama B. "Renewing American leadership", Foreign Affairs, (2007):p14.

⁴⁷ Clinton H. "Foreign policy address at the council on foreign relations". Washington, DC, July, 2009,15.

Foreign Military Financing (FMF) which became the largest U.S. aid program for the Philippines. In addition to providing more military equipment and technical training to the Philippines, the United States has also strengthened its military deployment in the Philippines, and its aid target has also shifted from focusing on internal threats in the Philippines to helping the Philippines to establish maritime security guarantees.

b. China's foreign aid policy changes

Compared to U.S., China is a new donor to the Philippines whether from the aspect of scale or length of time. After China and the Philippines establish diplomatic relations in 1975, bilateral relation has always been tepid. While in the first decade of the 21st century, the two countries confirmed the relation of strategic partnership. During the period of President Arroyo's administration, Sino-Philippine relations used to have a honeymoon period, when China once became one of the important donors to the Philippines. In 2006, China offered \$490 million to the country and only to ranked next to Japan, the Asian Development Bank, the World Bank and the United Kingdom. The projects involved include the Northern Luzon Railway, the Clark Economic Zone, and the Philippine National Broadband Network. Because of the convenience in dealing with the capital procedure, loan from China become a preference in receiving aid for the Philippines.

After President Aquino came to power, Sino-Philippine relations have deteriorated due to the issue of South China Sea. The number of high-level exchanges between the two countries have decreased, and economic assistance has also fallen sharply. Sino-Philippine relations didn't ease until president Duterte came to power. In 2016, Duterte visited China, signing the agreement with Xi Jinping, including \$15 billion in investment and \$9 billion in financing. In May 2017, President Duterte visited China again to attend the Belt and Road Forum for International Cooperation, during which the National Bank of the Philippines and the Export-Import Bank of China signed a memorandum. In addition, the Philippines joined the Asian Infrastructure Investment Bank as a founding country. In 2017, the AIIB approved two loan projects respectively as flood control facilities and bus rapid transit in Manila, and the former one has already been launched early in 2018.

2. Comparison of foreign aid between U.S. and China

a. Details in providing foreign aid

As a traditional donor and ally, foreign aid from U.S. is pretty mature both in agencies and assisting process, as well as various aspects covering from military assistance, economic development, health and social affairs as well as humanitarians.

The Philippines is the largest recipient of U.S. military aid in East and Southeast Asia. In 2016, the U.S. helped inaugurate Duterte's drug war by giving \$32 million to the Philippine police (supposedly for "training and services" in "policing standards" and "rule of law," besides equipment). In July 2018, the United States announced an additional \$26.5 million in U.S. tax dollars to beef up support for Philippine police, in the name of "counter-terrorism." the Defense Department provided roughly \$100 million in military aid, including equipment, weapons, and aerial surveillance systems, to the Philippine military and police, though Operation Pacific Eagle⁴⁸. In 2019, the U.S. sold the police and military over \$63 million worth of arms. It also donated 2,253 machine guns, over 5 million rounds of ammunition, surveillance equipment, and other weapons. At least \$145.6 million is already pledged for 2019.⁴⁹ Peace and security assistance is an important part of U.S. aid towards the Philippines which was also an aid project that is coordinated with the U.S. global counter-terrorism strategy during the Bush administration. Mainly segments includes non-proliferation of weapons, counter-terrorism and landmine reduction, economic support and security support, international drug control, development assistance, international military education and training accounts, with each account of around two million dollars per year.⁵⁰

For economic development assistance, U.S. aid in this field mainly focus on two aspects, with one of economic reform and the other peace and development. The first one includes: (1) national competitiveness improvement projects in order to improve the economic environment, remove investment barriers, and reducing trade costs and restrictions. (2) The threshold project to "provides assistance to law enforcement agencies and help it better combats crimes such as smuggling, tax evasion and corruption. The second one is mainly targeted at the economic development of Mindanao, where the poverty is regarded as the root of local turmoil. In addition, in 2010, U.S. signed a five-year contract with the Philippine government through the Millennium Challenge Account which is worth \$434 million, in order to help the Philippines create more job opportunities and reduce poverty levels and promote economic growth. 2011 On November 16, Hillary Clinton and the Philippine Foreign Minister Del Rosario signed the U.S.-Philippine Partnership for Growth (PFG), which will normalize the Philippine economic assistance and system.⁵¹

⁴⁸ USAID, Operation Pacific Eagle-Philippines, https://oig.usaid.gov/sites/default/files/2019-02/OPE_P_Q119_Dec2018_final.pdf

⁴⁹ Ameer Chew, It's Time to End U.S. Military Aid to the Philippines. <https://fpif.org/its-time-to-end-u-s-military-aid-to-the-philippines/>

⁵⁰ The Republic of the Philippines and U.S. Interest-2014, <https://fas.org/sgp/crs/row/R43498.pdf>

⁵¹ Partnership for Growth with Equity, <https://www.usaid.gov/philippines/partnership-growth-pfg>

U.S. health and social assistance to the Philippines can be divided into three main categories: disease prevention and control, family planning, maternal and child health and survival. This type of project was completed by the USAID, the President’s Emergency Plan for AIDS Relief, and together with the U.S. Department of Health. This type of aid project fund is not only funded by the Development Assistance and Economic Support and Security Support Assistance Account, but also for the Child Survival and Health Account. It is worth mentioning that the USAID has achieved good results in the prevention and treatment of tuberculosis and AIDS through collaboration with PEPFAR and other departments. Specifically, the USAID set the “Directly Observed Treatment-Short Course” (DOTS) strategy to match the postal tuberculosis project.

Chart 5 USAID Commitment Assistance to Child Survival and Health towards PHL

FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
12,471,162	26,456,993	28,652,376	32,723,267	30,149,357	28,823,122
FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
27,670,886	-708,339	-869,378	-666,367	-672	-420

Data source: U.S. Overseas Loans and Grants: Obligations and Loan Authorizations, July 1, 1945-September 30, 2012

For humanitarian aid and others, The Philippines is the most vulnerable country suffering from natural disasters. The tropical climate has caused natural disasters such as tropical storms in the area, and the country is also vulnerable to earthquakes, tsunamis and volcanic eruptions. In 2009, Tropical Storms Ondoy and Pepeng caused a loss of about 2.7% of the Philippines’ GDP. In 2013, after the abuse of Typhoon Yolanda, the U.S. Department of Defense provided a total of approximately \$22 million in relief to the Philippines, providing temporary accommodation, living supplies and emergency for local victims, and rescue operations such as medical assistance.⁵² In addition, in FY 2018, USAID’s Office of Food for Peace (FFP) contributed \$4 million to the UN World Food Program (WFP) to provide conflict-affected people—including families residing in Marawi City, internally displaced people sheltering in evacuation centers and local community members in the region—with locally and regionally sourced emergency food and nutrition assistance and conditional cash transfers for food.⁵³ For the part of education, in 2003, USAID

⁵² Typhoon Haiyan/Yolanda Fact Sheet #5, November 15, 2013. <https://www.usaid.gov/haiyan/fy14/fs05>

⁵³ Food Assistance Fact Sheet – Philippines, April 10, 2019. <https://www.usaid.gov/philippines/food-assistance>

passed the Education Assistance Act for the Philippines, which is valid for seven years and lasts until September 30, 2009. USAID also promotes the effective implementation of its education assistance through the creation of a quality education bill.

Compared to U.S., China is still a young player towards the Philippines, but the corporation so far has already achieved a considerable result. China mainly provide assistance in construction with the money in forms of loan or grants. Also, the sectors extend to military assistance and humanities assistance.

So far, the Duterte administration has already signed thirteen cooperation agreements with Chinese government and achieve financial assistance with investment pledges in total accounting to 24 billion dollars, with 62.5% of business-to-business and ODA accounting the remaining part. More importantly, President Duterte successfully gained pledges of development assistance in around 40 government-to-government infrastructure projects. The visit of Chinese Prime Minister Li Keqiang to Manila in November 2017 resulted in the approval of the funding in two infrastructure projects as the Chico River pump irrigation project (worth of 53.9 million dollars) and the New Centennial Water Source-Kaliwa Dam project ((worth of 374 million). The third project, known the south part of PNR (Philippine National Railways) was also approved to get China's ODA back-up. In addition, the Chinese government agreed to provide grants for the construction of two bridges crossing Pasig River and drug rehabilitation centers in Mindanao, including aid to rehabilitation efforts in Marawi City.⁵⁴

In the field of military assistance, after Sino-Philippine relations warmed up, bilateral military cooperation was also put on the agenda. In December 2016, for the first time the meeting of marine police departments of China and the Philippines was held in Manila to discuss the establishment of the Joint Commission for Maritime Police Maritime Cooperation. This is an important symbol of cooperation between the two countries in military affairs.⁵⁵ In 2018, in support of the Philippines' management against the domestic rebellion, the Chinese government provided military material assistance to the Philippines three times, including 3000 rifles, 3 million bullets and sniper rifle sights and uniforms, with a total value of more than 50 million U.S. dollars, in order to support the Philippine Army in combating drug trafficking and terrorists in the southern city of Malawi. In addition, the Chinese People's Liberation Army is

⁵⁴ Jovito Jose P. Katigbak, Bridging the Infrastructure Investment Gap through Foreign Aid: A Briefer on Chinese ODA, *CIRSS Commentaries*, VOL.V., No.11, June 2018

⁵⁵ 中菲召开海警海上合作联合委员会第一次筹备会 http://www.xinhuanet.com/world/2016-12/16/c_1120133346.htm

willing to share its experience in anti-terrorism and anti-drug with the armed forces of the Philippines. In addition, China also intends to consider the possibility of joint training, exchange of information and joint anti-terrorism exercises.⁵⁶

China also offer humanitarian assistance since the beginning of this century. China's humanitarian assistance to the Philippines mainly covers the following aspects: Money and material assistance after natural disasters. In February 2017, Surigao, the southern Philippines city suffered the strongest earthquake in a hundred years, causing more than 100 casualties and damage to infrastructure such as airports and roads. To help the Philippine government and people cope with sudden disasters, the Chinese government provided the Philippine government with \$1 million in emergency humanitarian assistance to help the Philippine side carry out disaster relief work. China Red Cross provided \$50,000 in humanitarian aid.⁵⁷ After the 2006 typhoon season in the Philippines, the Chinese government provided Philippine government with relief supplies worth 5 million yuan, including 930 tents, 3,000 mattresses, 3,000 sheets and 3,000 towels quilts.⁵⁸ As the Philippines is always suffering from the danger of drug abuse and Duterte government is working hard to crack down on drug crimes while focusing on rehabilitation and training for drug users. In December 2018, China established a drug rehabilitation center in Sarangani to help the Philippines provide infrastructure for the treatment and training of drug users.⁵⁹ After the Malawi incident in 2018, China provided assistance of 47 heavy machinery with a total price of 20 million yuan to the Philippines, using for post-war reconstruction. It was the first reconstruction machinery that the Philippines received after the victory of the Malawi war on terrorism.⁶⁰

b. Comparison of the two donors in providing foreign aid

U.S. and China has different width in offering foreign aid. U.S. covered a wide range of aid program in the Philippines, including but not limited to government governance, economic development, environmental energy preservation, security education, health care, and emergency humanitarian assistance. It is worth mentioning that on December 6, 2011, the Obama administration specifically

⁵⁶ 中国向菲律宾提供第三批武器和弹药援助到货 <http://mil.news.sina.com.cn/China/2018-07-28/doc-ihfxszf9375524.shtml>

⁵⁷ 中国政府向菲律宾政府紧急提供 100 万美元应对地震灾害,2017 年 2 月 <http://yws.mofcom.gov.cn/article/c/201702/20170202524236.shtml>

⁵⁸ 中国政府向菲律宾提供台风救灾物资, 2006 年 12 月 <http://yws.mofcom.gov.cn/article/b/200612/20061203979269.shtml>

⁵⁹ 中国政府援建菲律宾戒毒中心萨兰加尼项目举行移交揭仪式 <https://baijiahao.baidu.com/s?id=1620150248285435796&wfr=spider&for=pc>

⁶⁰ 中国向菲律宾捐赠马拉维重建工程机械, 2017/10, <https://www.fmprc.gov.cn/ce/ceph/chn/zfgx/jm/gx/t1505177.htm>

emphasized the human rights issue of the LGBT community in the recipient countries. While China mainly focus on the assistance offered to infrastructure construction in the form of loan. The National Economic Development Authority (NEDA) reports that 7 billion dollars China offered to the Philippines in 2016 would be composed of commercial loans, while the remaining 2 billion dollars will be released as concessional loans. However, in the fields of humanities, social affairs and education, China still not went so far. U.S. and China have different focus in offering foreign aid. U.S. has a clear selectivity in providing assistance. We can see its distinctive difference from China and U.S.: the U.S. doesn't provide too much economic loans and grant in infrastructure construction or, its main focus is still being put on the field of peace and security, which is closely relevant to U.S. peace maintain strategy for the Philippines and reduce the possibility of terrorism government governance through various programs dominated by USAID. Plus, it paid special attention to the direction of the Philippine government and has given the most attention to the government's laws and regulations.

Chart 6 Part of programs assisted by china completed or under due diligence

Date	programs	Limit of investment or grant
2016	Bridges connecting Panay and samaras	13.40 million dollars
2017	Detoxification center in Sarangani	
2018.6	Mindanao Railway Project Phase ITagum-Davao-Digos	677.2 million dollars
	Chi kou river irrigation project	83.9 million dollars
	Pasig river bridge	114.8 million dollars
2018.7	Two bridges in Manila	
2018.12	Joint steel cooperation by, Hebei Iron & Steel Group and Philippine Asia steel co	4.4 billion dollars
2019	Luzon Central Expressway Zaragoza Interchange Project Makati metro New century water source - Kawalli dam South part of NSRP railroad the basement conversion and development	30.7 million dollars

Data resource: Relevant Chinese newspapers

However, both the donors focus of aid has changed rapidly with the adjustments of foreign policy. U.S. has changed its focus of foreign aid in different fields frequently since 21st century. For example, USAID mainly execute aid programs in the field of

governance of government and the region, as well as the improvement of peace and security, while during the Obama's administration, the significance of economic assistance has been emphasized. Not only did U.S. changed the traditional method in offering aid to help the Philippines develop infrastructure and promoted energy industry and tourism, but also offered help in training Philippine professional staff. In the latter period of the Obama administration, the United States interrupted many aid projects for the Philippines because of human rights crisis caused by the drug abuse management by government of Duterte. At this time, Sino Philippine relations continued to heat up, and the Duterte government's policy of actively introducing foreign capital to develop the domestic economy coincided with China's Belt and Road. China's aid to the Philippines continued to rise. After Trump took office, the relationship between the Philippines and the United States eased slightly. The two sides are still relatively close in military cooperation. The United States still provides a large amount of military assistance to the Philippines.

3. The Philippines's changing attitudes between U.S. and China

The Philippines has always been a traditional and firm ally of U.S. in ASEAN countries. Not only leaders but also the elites do not possess an open attitude towards China. In the past decade, the country tries to bewilder China through south China sea issue, not alone to build economic cooperation with the regional rising power. However,

after Duterte came to power, the Obama administration expressed dissatisfaction with its domestic anti-drug violations and postponed several aid programs, such as U.S. Government's Millennium Challenge Cooperation Agency postponed its development assistance to the Philippines. Duterte's toughness even indicates that the Philippines is in no need of U.S. assistance. On the contrary, it showed a strong interest in China's OBOR, and has already received a lot of Chinese aid. Coherently the country made a great concession in the sensitive territory issue and leave China a breathing space.

The Philippines' dramatic swing in foreign aid astonishes not only U.S. but other regional countries. However, the change is not that surprising and can be understood if we put it in the context of the transformation of the Duterte government's foreign policy. Different from Aquino III, Duterte's policy toward China is turning to a gentle and friendly tone with the following distinctive features. The first one as being pragmatic and result-oriented. Duterte changed the former president's tough China policy and adopted a moderate stance toward China, mainly reflected in his peaceful willingness to handle the South China Sea dispute and the willingness and actions to

repair China-Philippines political and economic relations.⁶¹ the Duterte government tends to negotiate with China instead of vigorously pushing results of the South China Sea Arbitration, saying that the implementation of the South China Sea arbitration decision “may trigger the Third World War”⁶². Duterte believe that the Philippines can achieve cooperation and seek consensus in the South China Sea rather than conflicts and disputes.⁶³ He also bluntly said that if the U.S. proposal is inferior to the Chinese, it will accept China’s conditions.⁶⁴ The second one is independence. Duterte reduced the influence of the U.S. factor in foreign policy. This is mainly reflected in the dispute over the South China Sea. He stressed that he will independently resolve the dispute in the South China Sea and disapprove of the Philippines’ proposal to join the United States in the disputed waters of the disputed waters. only the civilian Coast Guard vessels will be sent to protect the 200-mile exclusive economic zone where the Philippines and China have disputes.⁶⁵ He claimed that for the long-term security of the country, the country will not possess over-reliance on the U.S.-Philippine military alliance.

Duterte’s policy adjustments to China are out of the need for political stability and economic development in the country. Years of local governance experience have made Duterte put the focus of the ruling reform on internal affairs. After he was elected, he quickly revealed his political reform direction and main contents on various occasions, including restoring the death penalty that has been abolished for many years, implementing federal reform, promoting peace in the Mindanao region, punishing criminals, combating corruption, and building national railways, as well as combating telecommunications and energy monopolies, etc. All of the above reform means that the new government will face domestic opposition in many areas, and it will require a large amount of external investment to support the execution. In addition, there are still many problems in the current Philippine economy. According to reports, accelerated economic growth has not alleviated poverty. In 2015, the poverty rate fell to only 26.3% from 27.9% in 2012. Although the unemployment rate has dropped to 6.3%, there are still millions of workers have to go overseas to work because they have no domestic job opportunities. The lower level of foreign investment and the need of economic

⁶¹ 用柔和的态度来寻求问题的软着陆解决方案, [菲]菲律宾商报, 2016年10月30日

⁶² 菲律宾总统杜特尔特对话水均益: 执行南海仲裁决定或引第三次世界大战 https://www.guancha.cn/Neighbors/2016_10_19_377689_s.shtml

⁶³ Duterte’s South China Sea stance could shake up security ties with Japan, U.S. <https://www.japantimes.co.jp/news/2016/05/10/asia-pacific/politics-diplomacy-asia-pacific/philippines-China-stance-duterte-shake-security-ties-japan-u-s/#.XNdtzpMzbVo>

⁶⁴ Duterte asks U.S. on sea feud with China, ‘Are you with us?’ <https://www.apnews.com/2be83a9aba5e4220b160f9bdd2166231>

⁶⁵ 杜特地有关南海言论 吴礼斯: 暗示新政府改变外交国防政策, [菲]菲律宾商报, 2016年6月24日

development in the Philippines is in line with the Chinese government's policy of the Belt and Road. As what Duterte said, "the only economic hope of the Philippines, to be honest, relies on China rather than other countries".⁶⁶ After Duterte is in power, the Philippines will join China's Belt and Road cooperation project and use the role of the AIIB in infrastructure assistance to develop Philippine's mineral, agricultural and fishery resources, attract Chinese capital and technology, and strengthen Philippine high-speed rail construction capacity of seaports and airports.⁶⁷ Especially compared to other donors who provide "tied-aid", China's assistance is mostly tied to acquiring goods and services from China⁶⁸, especially in the case of the concessional loans it provides without additional condition, which no doubt significantly help Duterte when he execute tough domestic reform.

The Philippines is in need of a stable diplomatic environment to resolve domestic terrorism and separatism requires. The Philippines faces the threat of global terrorism infiltration, and there are separatist rebel activities based on the Mindanao region, making the security situation extremely severe. The main terrorist and separatist forces in the southern Philippines are the Moro National Liberation Front (MNLF), the Moro Islamic Liberation Front (MILF) and the Abu Sayyaf Group(ASG). The MILF and ASG have pledged their loyalty to ISIS, claiming to fight for independence.⁶⁹ Duterte claimed that he would disarm the terrorist organization Abu Sayyaf during his term of office, but terrorism organization continued to create incidents in many regions. Duterte pointed out that the urgency of the Philippines is to solve the internal rebel riots, and then it can develop tourism and investment. Whether to eliminate the threat of terrorism and separatism or to develop the local economy, the Philippines needs to create a peaceful and stable external environment. In particular, Duterte believes that it is not helpful to stand on the single side of the United States. Solving the problem of extremist forces may even intensify the penetration of international Islamic terrorist organizations into the southern Philippines and make the country become the target of terrorist retaliation.⁷⁰

Besides, Duterte's adjustment of China's policy is inseparable from his own experience and his pragmatic ruling spirit. Previous Philippine leader and their

⁶⁶ 菲律宾总统杜特尔特对话水均益：执行南海仲裁决定或引第三次世界大战 https://www.guancha.cn/Neighbors/2016_10_19_377689_s.shtml

⁶⁷ 菲律宾企业家：菲将从“一带一路”合作中获益 <http://world.huanqiu.com/hot/201603/8678562.html?agt=15438>

⁶⁸ Chithra Purushothaman: Why Is the Philippines Turning Away Foreign Aid? *Diplomats*, May, 2017, <https://thediplomat.com/2017/05/why-is-the-philippines-turning-away-foreign-aid/>

⁶⁹ EE Amadar, Emergence of ISIS in the Philippines – DTIC, <https://apps.dtic.mil/dtic/tr/fulltext/u2/1059736.pdf>

⁷⁰ 菲律宾总统杜特尔特对话水均益：执行南海仲裁决定或引第三次世界大战 https://www.guancha.cn/Neighbors/2016_10_19_377689_s.shtml

families usually were closely related to the United States, but Duterte was native of the southern Philippines politician and there is no close personal relationship with U.S. or obvious tendency towards U.S. In terms of political practice, Duterte used to be the mayor of Davao, the largest city in Mindanao in the southern Philippines, with his management style known as the iron fist in fighting against crime. The previous governing experience makes him pay more attention to the actual benefits of national internal affairs and diplomacy rather than ideology differences. Even cabinet members named by Duterte possess both liberal and conservative attitudes, further indicating that ideology will not receive excessive attention. Thus, Duterte has always been cautious in his attitude toward the United States. In terms of foreign aid, Duterte used to claim the Philippines does not need the foreign assistance from U.S. anymore because China has already promised to provide, and the balance of power is already changing in Southeast Asia.⁷¹ The Philippine Defense Minister also expressed the Philippines can completely get rid of the U.S. military assistance because there are still many other countries in the world.⁷²

Chart 7 Top 5 donors for the Philippines from 2012-2016

Year	1		2		3		4		5	
2012	JPN	436.6	AUS	173.6	U.S.	154.8	GER	47.8	ROK	33.1
2013	JPN	256.7	U.S.	184.8	AUS	143.3	Canada	71.2	UK	54.8
2014	JPN	437.3	U.S.	284.3	France	150.9	AUS	132.1	UK	95.5
2015	JPN	542.0	U.S.	275.0	AUS	92.5	ROK	46.5	GER	38.4
2016	JPN	421.7	U.S.	217.7	AUS	73.2	ROK	54.9	GER	39.1

Data resource: Japanese Foreign Ministry, OECD

The turning of the Philippines' position toward China does not mean its abandoning of the Philippine-U.S. alliance. Duterte is an outstanding player of power balance. Instead of totally embracing either U.S. or China, the Philippines choose to return to the mainstream policy of most Southeast Asian countries, which is, maintaining close relations with both China and U.S. at the same time. Duterte said that he would continue to maintain alliance with the United States. Also, it is unlikely for the Philippines to abandon the results of the South China Sea Arbitration. A healthy and dynamic relationship between the United States and the Philippines will

⁷¹美国暂停巨额援助惹恼杜特尔特 “中国可以给更多”. BBC NEWS. 2016 年 12 月 <https://www.bbc.com/zhongwen/simp/world-38350296>

⁷²菲防长：菲律宾完全可以不依赖美国军事援助 <https://news.qq.com/a/20161007/019703.htm>

attract China more, and vice versa.⁷³ The Philippines knows itself as a key figure in the battle between these two giants competing with each other in South Asia, thus a centered position and a swing attitude makes it easier to get benefits from both sides. Some Philippine scholar said that the final possibility is that “Duterte will adopt a hedging strategy of strengthening the economic and political cooperation with China while strengthening the U.S. security alliance”.⁷⁴ What’s worth mentioned is that Duterte visited Japan immediately after his visit to China, hoping to get support from Japan in the economy, which also shows his professional in playing with balance of power.

⁷³ De Castro, Renato Cruz. “Balancing Gambits in Twenty-First Century Philippine Foreign Policy: Gains and Possible Demise?” *Southeast Asian Affairs*, 2011, pp. 235–253. JSTOR, www.jstor.org/stable/41418646.

⁷⁴ Rommel C. Banlaoi, Duterte Presidency: Shift in Philippine-China Relations? *The South China Sea Disputes*, pp. 357-361 (2017)

Chapter V Conclusion

This article focuses on the foreign aid provided by China and the United States to Cambodia and the Philippines in the 21st century, trying to compare the similarities and differences between the two different kind of foreign aid and the responses of recipient countries.

Compared with the United States, China is still an immature donor. The United States has a long history in offering the foreign aid to developing countries, whether in the aspects of complete laws, reasonable institutional arrangements, and clear responsible system. China's has gradually entered the rational path of foreign aid after the Cold War and is currently in its high-speed development period. China's foreign aid now is mainly led by government departments, with the low degree of participation of individuals and NGOs. For aid segments, the United States has a wide range of foreign aid, and China is only focused on project assistance. Especially in the degree of information disclosure, the specific items and amounts of U.S. aid payments will be clearly disclosed to the outside world in the form of reports for inquiries and inspections, while China's information transparency is pretty low, may be out of the reason that the main contractor is a state-owned enterprise, aid information as company-level information is not convenient to be exposed to the outside world

From the perspective of donor, foreign aid as an effective foreign policy means is highly correlated with the Southeast Asian strategies of China and the United States. During the Bush administration, Southeast Asia has been in a "benign neglect" state in the U.S. strategy, mainly to provide military assistance in order to detain terrorism. Therefore, the scale of foreign aid is relatively low compared with other recipient countries of the United States. During the Obama administration period, especially during the second term, with the return of the U.S. policy to Asia-Pacific, Southeast Asia became an important part of the United States involved in the region's pivotal. Foreign aid has not only increased in number but also in the breadth of coverage. The main purpose of the U.S. economic aid to the Philippines is to relieve the poverty, regarded as the root cause of the turmoil in the Philippines. In order to maintain regional stability, security is of greater significance. At the same time, by reducing the threat of terrorism by benefiting poor Muslim militants, Obama's tenure Both military aid and economic assistance have been greatly strengthened. For China, with the introduction of the One Belt and One Road initiative, foreign aid has become an important form of Chinese capital going globally in the new century. Promoting investment and trade through offering foreign

assistance has become a new measure for the Chinese government to developed economic development. At the same time, “Chinese Yuan Diplomacy” also enabled donors and recipients to achieve a win-win result. Cambodia’s infrastructure projects through China’s assistance have improved traffic, electricity, bridges, housing and other conditions across the country and improved the living standards of local people. It is particularly noteworthy that China’s “buying friends strategy” has achieved the goal of differentiating ASEAN, adding bargaining chips to the South China Sea issue and alleviating the security situation in the region. Cambodia’s tough attitude at the ASEAN summit has allowed the ASEAN unable to successfully issue a statement on the results of the South China Sea arbitration. Duterte also actively eased Sino-Philippine relations, saying that the South China Sea issue can be resolved through consultation and joint development of the Philippines and China.

From the perspective of recipients, the choice of donor are closely related to not only national interests, but also the characteristics of foreign aid offered by China and U.S., and the leaders themselves. Through the whole research, although Cambodia and the Philippines have always shown different attitudes towards China and the United States in ASEAN, as Cambodia has been a traditional ally of China since the Cold War, while the Philippines plays the traditional security ally of the United States who receive the most U.S. military assistance in ASEAN and always been firmly following the U.S. in the international arena. However, since the beginning of the 21st century, especially since China proposed the Belt and Road Initiative policy, both the two countries shown a tendency to dilute the United States but approaching China in terms of foreign aid, which can be seen as a symptom for foreign policy. For the national interest, the economic situation in which the Philippines is in urgent need of development, and the need for the reform to promote reform requires the support of China's huge capital. The Hussein government needs China's assistance to develop its economy and seek re-election, too. Especially compared to the United State, who asks democracy and human right as the prerequisites for providing foreign aid, China's assistance without any conditions has undoubtedly become the best choice for the substitute. Of course, we must also see the important role played by leaders in the transition of national policies in this process. Hun Sen and Duterte are both pragmatic politicians, especially Duterte. Compared to the previous Philippine leader’s pro-American stance, he took the initiative to seek reconciliation with China. His tough hand and pragmatic spirit became one of the important factors for obtaining Chinese assistance.

The Chinese government should also note that although it now is spending money in buying friendship, the Southeast Asian people still have doubts about this emerging donor compared to the United States. At the level of domestic governance

in Cambodia, investment and assistance from China are often criticized in causing corruption, deterioration of governance, human rights reversal, and even the culprits of environmental damage in Cambodia. According to the Pew Research Center, although the gap is narrowing, the Filipinos still have more favorable view of U.S. rather than China, holding the view that China is not credible.

With foreign aid as an entry point, we can see the direction of political development in the ASEAN region. The current situation is that both Philippines and Cambodia have turned to embrace China, but neither side has completely abandoned the United States, especially Duterte. The entire ASEAN countries are aware of China's important economic role in regional development but still not abandon U.S. dominant position in both this region but also the whole world, and turn to the game of playing the balance between big powers. As what Churchill said, there is no eternal friend, only eternal interests.

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초록

개발원조는 외교 정책을 수행하는 데 있어 중요한 도구 중 하나이므로 이는 공여국과 수원국의 국가이익, 외교전략 및 국가비전을 뚜렷하게 드러낸다. 동남아시아에서 미국과 중국의 원조 경쟁이 점점 치열해지고 있는 가운데, 점차 떠오르는 중국의 저우추취(走出去) 전략에 있어, 미국은 공여국의 지배적인 위치를 점하지 못하고 있다. 동남아는 미국의 아시아 태평양 지역전략의 중추적인 위치에 놓여있고, 중국의 인접지역 이므로, 미 - 중의 경제와 안보에 밀접히 연관된 지역이다. 동남아시아의 지정학적 특성상 미 - 중 양국이 자신의 국가이익을 수호하고자 개발원조의 수단으로 지역 세력균형을 유지하기 위해 양국의 경쟁이 이 지역에서 펼쳐지고 있다.

본 논문은 캄보디아와 필리핀 두 지역을 사례로 아래의 두 연구 목적을 달성하고자 한다: 1) 21 세기에 중국과 미국이 캄보디아와 필리핀에 제공한 개발원조에 초점을 맞추어, 성격이 다른 두 개의 개발원조 및 수원국의 반응의 유사점과 차이점을 비교하고자 한다. 2) 개발원조의 관점에서 캄보디아와 필리핀이 미국과 중국 사이에서 망설이는 이유를 설명하고자 한다. 물론, 캄보디아는 중국과 냉전이후부터 이어진 전통적 우호관계에 있는 국가이고, 필리핀은 미국의 동맹국으로서 아세안국가에서 가장 많은 군사적원조를 받고, 미국의 의제에 굳건히 따르는 나라이므로, 두 나라는 아세안 국가에서 서로 정반대의 입장을 취하고 있는 나라라고 할 수 있다. 그럼에도 불구하고, 21 세기 초부터, 특히 중국이 ‘일대일로’ 사업을 추진하고 난 후, 양국은 미국을 점차 멀리하고 중국의 개발원조에 관심을 갖기 시작했고, 이는 양국의 외교정책이 변화하고 있음을 시사한다. 개발원조를 기점으로, 동남아시아 지역의 세력균형이 변화되고 있는 모습을 발견할 수 있다. 본 논문은 공여국과 수원국의 시각에서 이 현상에 대해 설명하고자 하며, 이는 국가이익의 변동, 미 - 중이 제공하는 개발원조의 차이, 그리고 캄보디아와 필리핀의 국가 지도자 자체가 두 강대국에 대한 태도의 변화로 이어졌다고 주장하는 바이다.

주제어: 개발원조, 미국, 중국, 캄보디아, 필리핀, 21 세기