



BOOM, BLUFF, BUST

BY TINA XU (徐盈盈)

Long a frontier for Chinese investors, Cambodia's Sihanoukville sees uncertain days ahead

随着“一带一路”项目的展开，无数中国人涌向柬埔寨西哈努克，他们的到来给这座海港城市带来了什么？



and harder to do, so you start to look elsewhere,” says a businessman from Chengdu surnamed Deng, who invested 500,000 USD into opening an upscale Sichuanese restaurant in downtown Sihanoukville in 2019. On days when he is short-staffed, he takes orders from customers himself.

Along with the infusion of investment, infrastructure, technology, and employment, the breakneck pace of change and unmitigated negative sides of Chinese investment have also led to clashes—culminating in a series of crackdowns last year that both sides are still reeling from.

When Richard, a Dutch businessman who asked to be identified only by his first name, arrived in Sihanoukville in 2006, there were no paved roads. The town was known for its coconut tree-lined beaches, cheap beer—and seedy Westerners.

Richard used to run small bungalows for backpackers on the city's Serendipity Beach. “Back in the day, Serendipity Beach used to be sex tourists, drug

In the neon shadow of a hundred casinos and a skyline punctured by construction cranes, Kuang Yongcheng and Zhang Jie stretch their arms. Out of bed just as the streetlights come on, they prepare to head to their 12-hour night shift at the Ri Yue Xin Casino.

In the coastal Cambodian city of Sihanoukville, Chinese millionaires are being made. Shandong-native Kuang mumbles about a street food vendor making over a million RMB a year, and a purified water seller making 3 million. Businessman Nie Xiao, whose family runs the ritzy beachside White Sand Palace hotel and casino, tells TWOC that the operation made over a billion RMB a year at its height.

In the new “gold rush,” as many Chinese are calling it, Chinese are

arriving on Cambodia's shores—not as penniless laborers as in the Californian edition of the 1800s, but as business owners, investors, and construction overseers. Soon they will arrive via the new international airport in Phnom Penh, built by a Chinese company, and drive to Sihanoukville along the four-lane highway that a Chinese firm has paved.

When President Xi Jinping unveiled the Belt and Road Initiative (BRI) in 2013, calling for Chinese companies to “go global,” eager businesses began pouring into Southeast Asia to build infrastructure, factories, real estate, casinos, hotels, and more.

From 2013 to 2017, Chinese poured 1 billion USD a year into Cambodia, surpassing the Cambodian government itself as a source of

investment as of 2016. In recent years, attention has shifted toward Sihanoukville, a strategic trading post boasting the country's only deepwater port, and a prospective site for a Chinese naval base on the South China Sea.

Whereas the BRI has aroused caution in some neighboring countries, like Vietnam, Cambodia has welcomed Chinese money with open arms. Last year, Cambodian prime minister Hun Sen wrote on Facebook that he and Xi were “ironclad friends” after China announced an additional 90 million USD to its existing financial support for the Cambodian military—welcome news to a leader who is increasingly sanctioned by Western countries for cracking down on free speech and NGOs.

Meanwhile, as China's own economy overheats, many Chinese see in Cambodia glimmers of their own recent past. A Fujianese investor, watching a motorcycle sash through a puddle on a muddy road, was jolted to the memory of Fuzhou in the 1980s.

Writing online under the alias “Hello Tomorrow,” he compares Sihanoukville, Cambodia's first special economic zone, to Shenzhen in the early days of China's reform period: full of opportunities for the shrewd.

“It's gritty, loud, smelly,” says Kuang. “If it weren't for making money, we wouldn't be here.” With 9,000 RMB in wages per month and up to 1,000 RMB in tips, plus food and accommodation covered, his casino job pays double what he would make in China.

“Business in China is getting harder



Chinese investment has brought infrastructure and jobs, along with rising cost of living

PHOTOGRAPH BY TINA XU

addicts, and alcoholics,” he recalls. “They ran around like zombies and died of overdoses, jumping into empty swimming pools, or having heart attacks fucking young girls. I’ve seen everything.”

“The Ukrainians came to clean their money after the fall of the Soviet Union,” reminisces Richard. “And then, in ‘09, the Turkish mobsters started coming, and they all started shooting each other.”

“When the people of Sihanoukville heard from the news that Chinese businessmen were coming, we felt good,” says a man nicknamed Chum, a pharmacist on Kamak Street who has watched his city transform over his lifetime.

As Chinese arrived in large numbers beginning in 2014 and began offering to lease large swaths of land, many local landowners eagerly parceled up their holdings, sometimes evicting original occupants, including local and Western businesses and individuals.

“You have a lease? What lease?” jokes Richard, imitating the sound of ripping paper. The bungalows he managed in Sihanoukville have since closed down.

With Chinese immigrants flooding the market, the price of real estate in Sihanoukville skyrocketed, benefiting landowners while pricing out renters. The cost of one square meter rose from 15 USD to 1,000 USD.

The city’s mayor estimates that the local Chinese population is now equal to the Cambodian population, both at around 80,000. Sihanoukville International Airport now runs flights to dozens of Chinese cities.

“When I told my friends in other parts of the country how much I could make renting to Chinese, they wouldn’t believe me,” says Chum. His multi-story home, which used to rent for 1,500 USD per month, was rented out to Chinese tenants for 20,000 USD per month last year.

“But some people found that it became more difficult to live,” Chum adds on the runaway cost of living. A pedicab driver told Al Jazeera last year that while he now made higher wages, he could no longer afford housing, so he slept in his cab.

A provincial police report from 2019 estimated that around 90 percent of businesses in Sihanoukville are now Chinese-owned. Signs for shops, restaurants, and hotels all along the road are primarily written in Chinese, with awkward subtitles in Khmer that some locals say are likely pulled from online translations.

“Now there’s lots of work for Cambodian people, and many come from other provinces to work here,” says Chum.

Chum’s house was leased to the staff of a Chinese online gambling business, one of the most lucrative industries in Sihanoukville. A casino table is livestreamed to gamblers on the mainland so they may bet directly from their homes. Asia’s online gambling industry was worth 24 billion USD as of 2018, according to Bloomberg, and comprised a quarter of Sihanoukville’s 80 million USD total tax revenue from casinos.

Local staff of live-dealer online casinos, often young Cambodian women hired to shuffle and deal cards in front of a camera, earned monthly wages of up to 700 USD, whereas working in a garment factory pays the minimum wage of 170 USD.

“Investment doesn’t have to be a bad thing, but our local government was not prepared,” says Chum. The electric lights flicker in his shophouse as he speaks. The ceiling fan hums to a pause, and seconds later, restarts. “See that? That’s from the construction outside.”

The potent combination of rampant local corruption and Chinese businesses looking for loopholes has

flushed the city with unregulated developments.

Last June, a Chinese-financed building project collapsed and killed 28 Cambodian construction workers, having reportedly defied repeated orders from local authorities to pause construction due to safety concerns.

Some Chinese investors point to the risk of working with local constructors, who are notorious for laxer building standards. At the same time, many criticize the Chinese practice of importing their own construction crews, claiming this “closed-loop” development doesn’t provide employment and profit for locals. The collapsed building paid construction workers around three times the wage of Cambodian projects outside of Sihanoukville.

“Permission to start building doesn’t come for free,” says Richard. “If local government told construction to stop, then why didn’t they enforce it? A lot of Cambodians made a lot of money off the Chinese in Sihanoukville.”

Meanwhile, at the highest level of



government, Prime Minister Hun vowed to curb illegal construction upon visiting the site of the collapse, but added: “If there were no Chinese investors, let me ask you, would we have tall buildings like this?”

Yet Hun has since pulled the plug on the online gambling industry at China’s behest, announcing that no more new licenses would be approved from August 2019, and a complete ban beginning in January 2020.

China’s Ministry of Public Security has strengthened passport control. News spread through online “self-media” that police are issuing directives for those suspected of participating in online gambling industries to return to China at once. Those who don’t comply will have their phones confiscated at the airport, and their passports cancelled.

As of February, a Henan braised noodle shop is padlocked with a handwritten sign in the window: “Closed for a few days.” Half-constructed buildings sit empty beside



piles of red dirt, skeletons of concrete and nails. The city’s central Ekareach Street, for years awash with luxury cars and Chinese construction crews, is eerily quiet.

“Since last year, around two-thirds of the casinos have closed,” says casino worker Zhang, a native of Yunnan province, whose WeChat username reads “Exchanging my life to see the world.” A spread of 100 dollar bills forms his cover photo. “Everyone left for the New Year, and they’re not coming back.”

“The local girls who worked at the online casino were sad to leave,” says Chum. “Some went home, others went to work at garment factories.” The Sihanoukville labor department estimates 7,700 Cambodians lost their jobs from the ban. Meanwhile, Chum’s family house sits empty, and the rental income has gone from 20,000 USD a month to zero.

“Many locals borrowed money to build second houses after renting their first to Chinese, thinking they could pay back the bank with the rental money,” says Chum. “But even if they find another renter, their rent will never be as high as before.” He sighs, “Some local families will go bankrupt.”

As for the online casino operators, “those people are running like mice, left and right. Many went to Manila, and now many are going to Thailand,” says restaurateur Deng.

“Once you make money this way, other kinds of business feel boring after,” sighs Nie, of White Sand Palace.

“If things don’t pick up soon, we’re going home,” says Kuang. After years of a frantic investment boom, the dust may be beginning to settle over Sihanoukville—literally.

Through the building of the Belt and Road Initiative, the traditional China-Cambodia friendship is growing more and more

vibrant, and the bilateral relationship is reaching its best-ever period in history,” wrote Wang Wentian, the Chinese ambassador to Cambodia, on the eve of the 2019 Belt and Road Forum in Beijing.

Cambodian journalist Sok Kha wrote in *The Diplomat* last year, “China has undeniably become Cambodia’s largest economic influencer, being the largest foreign investor, largest bilateral donor, largest trading partner, largest buyer of Cambodian rice, and the largest source of foreign tourists in the country.”

Candice Ji, a Chinese development market researcher working in Phnom Penh, jokes, “Sihanoukville is practically a third-tier Chinese city by now.”

“Westerners are saying things about Chinese now, but come on, they left that place a shithole. I wasn’t sad when they pulled out those idiots and gave the Chinese a chance to make something of this place,” says Richard. “It was the best decision they ever made.”

“The closer we are to China, the more dangerous. Western countries are angry. We need to be balanced,” says Chum. “I think the government has a new plan to make Sihanoukville a city of business and tourism, not just casinos.”

Tractors fill the view from Chum’s shophouse with mountains of red dirt, as crews shovel and pound from early morning to late evening. For the first time, there will be a paved road outside Chum’s door that leads straight to the nation’s capital.

Meanwhile, at 5:30 p.m. and still with no customers, Deng’s employees lie on the chairs, playing with their phones. Deng kicks aimlessly at fallen fruit that is beginning to rot in the restaurant’s courtyard. “Who knows what will happen. It’s a city of big rises and big falls.”