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## **Cambodia's Funan Techo Canal Project: A Blessing in Disguise for Cambodia-Vietnam Bilateral Relations**

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The Funan Techo Canal project proposal in Cambodia has sparked conflicting opinions, especially from neighboring Vietnam. Vietnam has raised concerns about the potential environmental impacts on the Mekong River ecosystem,<sup>1</sup> citing historical precedents such as the Xayaburi Dam project in Laos, which had negative effects downstream.<sup>2</sup> Vietnam also views the canal project through a geopolitical lens, fearing China's growing influence in the region and potential military implications due to China's partial involvement in the project<sup>3</sup>. Additionally, Vietnam is concerned about the economic disadvantages it may face because of the canal, as the canal aims to reduce Cambodia's dependence on Vietnamese seaports, notably Cai Mep, potentially leading to a loss of revenue for Vietnam.<sup>4</sup>

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<sup>1</sup> Staff reporters. 2024. "Cambodia's Funan Techo Canal Could Upset Mekong Delta Ecosystem: Experts." VnExpress International – Latest News, Business, Travel and Analysis from Vietnam. VnExpress International. April 24, 2024. <https://e.vnexpress.net/news/news/environment/cambodia-s-funan-techo-canal-could-upset-mekong-delta-ecosystem-experts-4738145.html#:~:text=%22When%20the%20Funan%20Techo%20Canal>.

<sup>2</sup> EarthRights International. "Xayaburi Dam | EarthRights International," June 16, 2021. <https://earthrights.org/what-we-do/mega-projects/xayaburi-dam/>.

<sup>3</sup> IPDForum, "Proposed Chinese-funded canal in Cambodia raises regional concerns," Indo-Pacific Defense Forum, April 29, 2024, <https://ipdefenseforum.com/2024/04/proposed-chinese-funded-canal-in-cambodia-raises-regional-concerns/>.

<sup>4</sup> Juki, Trinh, "Water woes: Cambodia and Vietnam clash over the Funan Techo Canal," Lowy Institute, n.d., <https://www.lowyinstitute.org/the-interpreter/water-woes-cambodia-vietnam-clash-over-funan-techo-canal>.

Despite these concerns, Cambodia has been proactive in highlighting the economic benefits of the canal project, including the creation of economic zones and increased trade opportunities. The Cambodian government has gone to great lengths to reassure Vietnam that the canal will not have a significant negative impact and will not be used for foreign military purposes.<sup>5</sup> Cambodia is resolute in the project's potential to drive economic growth and enhance the country's self-reliance. In a sign of potential cooperation, Vietnam has softened its stance on the project, expressing interest and seeking to work with Cambodia to assess environmental impacts and mitigate potential harm. Cambodia, on the other hand, remains steadfast in its commitment to proceed with the project and aims to start construction in August 2024. While there are understandable concerns about the environmental, geopolitical, and economic aspects of the Funan Techo Canal project, both Cambodia and Vietnam are proactively addressing these challenges to ensure their respective interests are protected. With construction set to begin soon, the project's impact will become clearer in the coming years.

However, even with all of these concerns, the canal would not strain the Vietnam-Cambodia relationship as there are many opportunities that the countries should not overlook from the canal.<sup>6</sup> First of all, the Funan Techo Canal could revolutionize water transport and navigation, providing a direct and navigable route between Phnom Penh and Kep and the Gulf of Thailand, in which the canal would offer stable and controlled navigation conditions. This would also significantly reduce travel distances and time for maritime traffic, making transportation more efficient and cost-effective. This enhanced connectivity allows Cambodian exports and imports easier access to international markets, stimulating trade volumes and fostering economic growth. Furthermore, the canal would be crucial in promoting regional economic integration as a strategic economic gateway within ASEAN. Whereby ASEAN's objective of creating a unified market and production base would be furthered by the canal, which improves connectivity and eradicates trade barriers between Cambodia and neighboring countries, which is why Deputy Prime Minister of Cambodia,

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<sup>5</sup> Ben, Sokhean, "In-Depth Explanation: Cambodia Allays Vietnam's Concern over Funan Techo Canal - Khmer Times." 2023. December 14, 2023. <https://www.khmertimeskh.com/501407454/in-depth-explanation-cambodia-allays-vietnams-concern-over-funan-techo-canal/>.

<sup>6</sup> Sokvy Rim, "Vietnam's Security Concerns About the Funan Techo Canal Project Are Misplaced," *The Diplomat*, May 9, 2024, <https://thediplomat.com/2024/05/vietnams-security-concerns-about-the-funan-techo-canal-project-are-misplaced/>.

Sun Chanthol, urges that some ASEAN countries may support the project because it will make it easy to expand trade among them, by reducing the time and costs of transporting goods.<sup>7</sup>

The Funan Techo Canal has the potential to serve as a mechanism for managing water flow from the Mekong River, thereby reducing the risk of flooding in Cambodia's southwestern provinces. By diverting excess water during high-flow periods, the canal can help regulate water levels more effectively, ensuring more predictable and consistent conditions for agriculture and aquaculture. This proactive management of water resources safeguards Cambodia's agricultural productivity and benefits downstream areas in Vietnam by mitigating flood impacts, resulting in more reliable water availability for farming and fisheries. Thus, the canal presents a mutual benefit by enhancing the region's flood management and water security, contributing to broader environmental and socio-economic stability.

The development of the Funan Techo Canal presents significant economic opportunities that extend beyond Cambodia's borders, potentially benefiting neighboring countries such as Vietnam. The construction and operation of the canal will necessitate the establishment of supporting infrastructure such as ports, terminals, and logistical facilities. These developments not only generate employment opportunities in construction, logistics, and related sectors within Cambodia but also create opportunities for neighboring countries' enterprises such as Vietnam through partnerships, supply chain integration, and provision of services along the canal route. This collaboration enhances regional economic integration, fosters mutual economic growth, and strengthens bilateral relations by facilitating smoother trade flows.

Vietnam's shift towards a softer stance on the Funan Techo Canal is a strategic recognition of the potential benefits that the canal could offer. By refraining from outright opposition, Vietnam is signaling a willingness to explore the economic advantages and regional connectivity opportunities that the canal presents. This approach aligns with Vietnam's broader diplomatic strategy of prioritizing stability and cooperation within ASEAN, particularly with neighboring Cambodia.

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<sup>7</sup> Niem, Chheng, "Sun Chanthol: China did not order Cambodia to build Funan Techo Canal," n.d., <https://www.phnompenhpost.com/national/sun-chanthol-china-did-not-order-cambodia-to-build-funan-techo-canal>.

Moreover, Vietnam historically prioritizes the importance of maintaining friendly relations with neighboring countries,<sup>8</sup> so aligning with Cambodia, in this case, will highlight the shared benefits of completing the canal. Supporting Cambodia in constructing the canal would enhance economic integration between the two countries by improving trade routes and logistics efficiency. Vietnam stands to gain from reduced transportation costs and enhanced access to Cambodian markets, thereby stimulating bilateral trade and investment flows. Furthermore, assisting Cambodia in completing the canal rather than halting its progress could also foster deeper regional integration within ASEAN. By promoting infrastructure development and economic cooperation, Vietnam can strengthen its position as a key player in ASEAN's economic corridors and contribute to its overall prosperity. This collaborative approach supports Cambodia's development goals and reinforces Vietnam's strategic interests in a stable and interconnected Southeast Asia.

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<sup>8</sup> Son, Nguyen Ba, "Cambodia and Vietnam: When a Canal Should Not Divide | FULCRUM," FULCRUM, June 25, 2024, <https://fulcrum.sg/cambodia-and-vietnam-when-a-canal-should-not-divide/>.