

Challenges and Solutions as Enhancing Cambodia-Russia Relations

Sovanny Tak^{1*}, Ravuth Ros², Mealea Keo³

1*Corresponding Author: Khemarak University, email: tak_sovanny@gmail.com

2 Khemarak University, email: rosravuth2019@gmail.com

3 Khemarak University, email: keomelae168@gmail.com

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Abstract

This study explores the historical and contemporary dynamics of Cambodia–Russia relations, focusing on the key challenges and potential pathways for enhanced cooperation. Despite a foundation of diplomatic relations established in 1956, bilateral relationship remains hampered by unresolved issues such as Cambodia’s Soviet-era debt to Russia, significant economic disparities, and geopolitical realignments. Cambodia’s requests for debt cancellation have largely gone unanswered, creating friction in diplomatic engagements. Moreover, Russia’s economic instability due to international sanctions and its shifting foreign policy priorities in the ASEAN region further complicate bilateral efforts. Geopolitical factors, including influence from global powers like China and the U.S., continue to shape Cambodia’s foreign policy orientation. This paper highlights the need for strategic diplomacy, diversified economic partnerships, and climate-resilient investment to build a more sustainable Cambodia–Russia partnership amid evolving international pressures.

Key words: *Relations, diplomacy, international pressure, geopolitical challenge, cooperation*

1. Introduction

Over the past 40 years of relations, Cambodia and Russia have been more positive and negative than enemies. Cambodia is a small country in the geopolitical region of the world, and gained independence from the French colony in 1953 and established diplomatic relations with the Soviet Union in 1956, at a time when the world was competing with two different ideologies: the liberalism led by the United States and the Soviet Union, which were on the side of communism. In fact, the relationship between the two countries, as the Soviets were leftist powers, helped Cambodia in many areas, and especially the Soviets focused on political ideology rather than economics and trade. In addition, the relationship between the two countries inevitably faced negative challenges that arose from direct or indirect influences. Below are some of the challenges facing the two countries. All of these problems

inevitably arise in the cooperation between countries, between states, and between states and federations of states, whether indirectly or directly. These relations often focus on the debt issues, economic issues, geopolitics, trade, tourism, and changes in state leadership, etc.

2. Conceptual Framework of Literature

2.1 Cambodia's Debt to Russia

Proposal for Cambodia's Debt Cancellation: Hun Sen has repeatedly called on creditors, including the United States and Russia, to cancel the debt or convert it into development aid for Cambodia. The United States could consider canceling the debt if Hun Sen's government strengthens its relations with the United States and returns to the path of respecting human rights and democracy, or resumes political negotiations with the opposition. However, Prime Minister Hun Sen has complained about the debt owed to the United States. He said on April 10 that at that time Cambodia owed the United States money, the interest had already risen to the principal. He suggested that the United States should have a way to cancel this debt, like Japan did with Cambodia, which is to provide goods for Cambodia to sell, and when the money is sold, use the money to help develop Cambodia. He said, "Lon Nol" borrowed money, but he didn't know where to use it? " Buy bullets and drop them all over Cambodia. Now our main problem is that they are going to hit us with an axe, break our heads, and demand that we wipe the axe that is stained with our blood" (RFA, 2021).

According to document hosted in the website (cambodia-or-convert-them-into-aid-04102021181709.html), he also said that he failed three times in negotiations with the former US President, Barack Obama, on the debt cancellation issue, with Obama saying that he had difficulty talking to the US Senate and House of Representatives about the debt cancellation proposal. As of 2017, the debt that Cambodia owed to the US during the Khmer Republic period, from beginning to the end, was nearly \$500 million. Former US Ambassador to Cambodia William Heidt claimed in 2017 that the US had never discussed or considered canceling the debt that Cambodia owed. In particular, canceling the debt that Cambodia owed to the US was not a topic that the US had put on the table for discussion, but he said that the US encouraged negotiations to reach a solution to the debt problem. In addition to the US, Hun Sen has also asked Russia to cancel Cambodia's previous debt. Cambodia's debt to Russia, including principal and interest, is over one billion five hundred million (1,500) dollars. Russian officials said that Russia cannot easily cancel this debt. Regarding Hun Sen's request to cancel this debt, neither the US nor the Russian embassies in Cambodia have responded yet (RFA, 2021).

Cambodia has always demanded or requested that the Russian government cancel its debts from the Soviet era. However, Russia seems to ignore Cambodia's repeated requests for debt cancellation, which seems to be a barrier to the relationship between the two countries, and it is always a topic that both sides often raise in bilateral meetings or meetings of heads of state or state representatives. The Russian government has developed a foreign policy that focuses on better relations with countries in the ASEAN region and internationally, but the strengthening of economic and trade ties between Moscow and Phnom Penh still seems uncertain. Socioeconomic monitoring experts have made different assessments of Cambodia's unresolved debt problem to Russia (Ceath, 2021).

The debt issue is a stumbling block in relations between Cambodia and Russia. The \$1.5 billion debt, or 70%, could be written off by Russia, with Cambodia paying Russia only 30%, or about \$450 million. Cambodia borrowed all of that debt in the 1980s to buy weapons to wage a bloody war between Cambodians and each other. According to the Russian news agency RBTH, citing sources familiar with the Russian government's ASEAN policy, there is no clear indication yet why Russia is refusing to write off the entire \$1.5 billion debt owed by Cambodia (Ceath, 2021).

In the presence of Nikolay Nikiforov, Minister of Communications and Mass Media of the Russian Federation, he raised the issue of Cambodia's debt, saying that Russia should have a positive scenario for resolving the debt issue, and the best arrangement would be investment. Russia will encourage a working group of experts to meet to resolve the issue. The Russian side is interested in the electricity, telecommunications, and infrastructure sectors, and the Russian side will receive investment project proposals to resolve the debt. The two sides have raised this issue for discussion several times, but the two sides have not yet reached a common position on resolving the debt. Sergey Lavrov, Minister of Foreign Affairs of the Russian Federation, believed that both sides should resolve it.

In a bilateral meeting between Cambodian Prime Minister Hun Sen in Brussels, Belgium, and Russian Prime Minister Dmitry Medvedev, the Russian Prime Minister also discussed the debt that Cambodia owes to Russia in the former Soviet Union, and Russia will use those debts to invest in Cambodia, which is a priority for the Royal Government of Phnom Penh. In addition, Russia plans to provide some technical assistance for the renovation of the Khmer-Soviet Friendship Hospital and intends to help restore some ancient temples in Cambodia (Ceath, 2021).

Moscow supported the initiative of King Norodom Sihanouk, who was one of the founders of the Non-Aligned Movement. In addition, the Soviet Union demonstrated its loyalty to the Cambodian people by condemning Lon Nol's

military coup and not supporting the Democratic Kampuchea regime. Through good relations at that time, the Soviet Union helped rebuild Cambodia after the collapse of the Democratic Kampuchea regime and reform Cambodian society. Achievements that Russia has helped Cambodia in the past include: the Khmer-Soviet Friendship Hospital, the Cambodian Institute of Technology in Phnom Penh, the military hospital in Battambang, the military base in Samut Ream, the Pochentong Air Force Base, the Combined Military Academy and the Tonle Military Base in Phnom Penh, etc. (Ceath, 2021).

In a bilateral meeting on October 18, 2018, the Head of the Royal Cambodian Government, Hun Sen, also thanked Russia and considered Russia's assistance to be very valuable for Cambodia. The Russian Prime Minister also pledged to continue cooperating with Cambodia in all fields, and since 2019, Russia has been providing Cambodia with significantly more assistance.

2.2 Differences in the economic potential of Cambodia and Russia

The differences in the economic potential of Cambodia and Russia may be due to the situation of the surrounding environment of the two countries. Russia, a former world power and currently Russia, is still a country with regional and global influence and a strong military and economic power, while Cambodia, which was also a country that was once an empire in a region. After experiencing the weakening or invasion of neighboring countries, Cambodia has gradually weakened. A series of wars have made Cambodia a country that has lost a lot of resources and needs to develop everything in all sectors. The different situations of two countries may be due to many factors of people, geopolitics, knowledge and global influence.

Cambodia is one of the Countries most vulnerable to natural climate change. Due to geographical location, weak governance and other vulnerabilities, Cambodia is a country that is vulnerable to natural disasters. Going forward, investment in climate-resilient infrastructure will be important in promoting economic growth and ensuring the sustainability of the national economy in the long term. Now and in the future, as climate change becomes more severe, for example, with warmer temperatures, more erratic rainfall, or longer summers, Cambodia is becoming more vulnerable. According to a recently released Asian Development Bank (ADB) report, Cambodia's economy recovered in 2022 after years of COVID-19. This was largely due to strong export growth and a rebound in tourism. However, the report said Cambodia needs to expand green investment, or climate- and environment-friendly development, as a strategic priority to boost its long-term economic growth potential (Chhan, 2023). Cambodia is considered one of the most vulnerable countries to climate change due to its geographical location, weak governance, and vulnerability to natural disasters. According to The Notre Dame-Global

Adaptation Index, Cambodia is among the least prepared countries to deal with climate change, ranking 149th out of 182 countries. In fact, Cambodia is located in a large floodplain area, so Cambodia is vulnerable to flooding. According to the global risk index for humanitarian crises and disasters, Cambodia has the most vulnerable score, at 9.5 out of 10 (Chhan, 2023).

Climate change in Cambodia is expected to increase, and it will increase the frequency and intensity of floods, droughts, warmer temperatures, and rising sea levels and salinity in the oceans. According to the ADB, climate change could significantly hinder Cambodia's long-term economic growth potential. Cambodian government aspires to become an upper-middle-income country by 2030 and a high-income country by 2050. However, climate change could shrink Cambodia's economy by about 10% by 2050. The main reasons are loss of productivity or loss of production capacity due to extreme weather and rising temperatures. Floods and droughts could become more frequent and severe, which could affect agriculture and sea level rise. Saltwater intrusion on land could also further degrade freshwater fisheries and agricultural land. The tourism sector is also vulnerable to climate change, as climate change could damage key infrastructure and tourism demand (Chhan, 2023).

In this regard, ADB recommended that Cambodia should take climate change into account more if it wants to continue its economic growth. Cambodia is a low-emission country, but its emissions are rising due to the deforestation, expansion of rice cultivation, and increasing energy demand in the industrial sector. Reducing carbon dioxide emissions could therefore provide Cambodia with a new opportunity for the economic growth, as the world is currently experiencing growing global demand for environmentally friendly products and services. The transition to a zero-emission economy could also create high-quality jobs and make Cambodia a better fit for global investors who are increasingly interested in green investments. For the ADB, expanding green investment in priority sectors will enable Cambodia to increase its long-term economic growth potential. The Royal Government of Cambodia has set out a strategy to increase the green economic growth through the National Green Growth Strategic Plan 2013-2030 and a long-term strategy for carbon neutrality by 2050. Cambodia has the potential to expand investment in renewable energy and increase energy efficiency, using its abundant solar energy resources. In addition, Cambodia also has the potential to invest in the climate-smart agriculture and natural capital management, given the importance of the agricultural sector to Cambodia's food security and trade potential. Investing in climate-resilient infrastructure will be crucial to boosting economic growth and ensuring the long-term sustainability of the national economy (Chhan, 2023).

Russia's Economic Situation

The Russian economy is also fragile due to the war in Ukraine. The war between Russia and Ukraine has prompted a series of financial sanctions against Russia. A growing list of measures is starting to take a toll on the country's economy. Stock markets are closed and people are queuing up at ATMs to withdraw cash. Russia's escalating war in Ukraine has prompted unprecedented economic sanctions on Russia. In 2021, Russian banks were further cut off from the international financial system. Several banks were removed from the SWIFT payment system, while moves were made to stop the Russian central bank from using up US\$630 billion (€562 billion) in foreign reserves (CNC News, nd).

The sanctions are by far the most severe imposed on Russia since, it invaded Ukraine in 2020. Russia's increasing financial and political isolation is having significant consequences for the world's 11th largest economy (GDP). The Russian currency has fallen by about 30%, one of its lowest levels since the last sanctions, although it has recovered somewhat in the months since. In response, the Russian Central Bank has also made an emergency decision to raise interest rates from 9.5% to 20% and has temporarily suspended the sale of securities held by foreigners. The currency's fall has led to long lines outside ATMs across the country, with fears growing that the ruble will fall further to (CNC, nd).

The Russian Central Bank has announced that the Moscow Stock Exchange will not be open. The bank said in a statement that it had raised interest rates to support financial and price stability and protect citizens' savings from being depleted. The European Commission, the United States, Britain and Canada have taken steps to curb Russia's use of its large foreign exchange reserves, estimated at around \$630 billion. The assets are denominated in US dollars, euros, sterling and Chinese yuan, and the advantage of holding such reserves is that they allow the central bank to intervene significantly to push the ruble down in the event of volatility. However, if Russia finds it difficult to buy its foreign currency, the pressure on the currency will intensify, and the continued long lines of Russian citizens in front of ATMs could develop into more panic on those banks.

Russia still has some options to keep its economy afloat, with about 15% of its foreign reserves held in China, and the Chinese government is likely to be willing to help its ally. Russia also has one of the world's largest gold reserves, about 2,300 tones, worth about \$142 billion at current prices. However, Sergei Guriev, an economist at Sciences Po University in Paris, told the Financial Times that such options are also uncertain. Anyone who says it will be easy to sell gold or the yuan is talking nonsense. China's state-owned bank

is also blocking financing for Russian oil sales, and China is also fearful of further sanctions.

International rating agencies moved to downgrade Russia. After a series of measures targeting Russia's biggest banks, the United States, the European Union and other Western allies will cut some of the country's banks off the global payments system SWIFT. Until it is clear which banks will be affected, it is difficult to assess. Russia developed its own alternative to SWIFT, known as SPFS. It accounted for about 20% of Russia's domestic transactions, but it struggled to attract foreign banks. Even neutral Switzerland said it was accepting EU sanctions and asset freezes on some Russian individuals and companies. It also joined other countries in imposing sanctions on President Vladimir Putin and other officials. As fears about Russia's financial situation mount, many international companies and foreign investors withdrawn their interests in Russia. The Norwegian government said its \$1.3 trillion oil fund, the world's largest sovereign wealth fund, will sell off \$3 billion worth of Russian investments (CNC, nd).

Britain's BP also changed its relationship with Russian state oil company Rosneft, exiting a 20% stake in the company for \$25 billion. Shell will also end its ties with Russian oil giant Gazprom. Other Western energy companies with stakes in Russian oil and gas projects, such as ExxonMobil and TotalEnergies, are considering pulling out. U.S. automaker General Motors Co, Germany's Daimler Trucks and Swedish carmaker Volvo on Monday took some steps. Singapore-based container shipping company Ocean Network Express also suspended bookings to and from Russia, while Maersk (MAERSK.CO) said it was considering doing the same. AerCap Holdings, the world's largest aircraft lessor, said it would end leases to hundreds of planes with Russian airlines because of sanctions. Microsoft also said it would remove Russian state media outlet RT's mobile app from its Windows App Store and ban advertising on Russian state-sponsored media outlets. Meanwhile, Google has blocked RT and other Russian networks from receiving advertising money on its websites, apps and videos, YouTube, or anything similar to Facebook's move, while other investors also pulled out of Russian companies (CNC, n.d).

According to the report, Russia's main trading partners in 2021 were China with a total trade volume of \$140 billion, Germany with \$56 billion, the Netherlands with \$46 billion, Belarus with \$38 billion, the United States with \$34 billion, Turkey with \$33 billion, Italy with \$31 billion, South Korea with \$29 billion, the United Kingdom with \$26 billion, Kazakhstan with \$25 billion, Poland with \$22 billion, France with \$22 billion, Japan with \$19 billion, India with \$13 billion, Finland with \$13 billion, and Ukraine with

\$12 billion. Among Russia's major trading partners, most were countries in European Union, the United States, and its allies. If these countries stopped doing business with Russia, it could severely affect the Russia's trade and economy (CNC, n.d). However, sanctions against Russia by the West and its allies also had some negative effects on the economies of those countries, as Russia was a major exporter of oil, gas, coal, minerals and wheat in the world, and there were concerns that it would drive up energy prices. At the same time, the share prices of some companies doing business with and in Russia failed significantly.

3. Critical Arguments

3.1 Geographical Factors of Cambodian-Russian Political-Economics

Geopolitics is the geographical determination of a state on the main aspects of national strategy, including military, politics, economics, and diplomatic. These are about to fight for the goal of gaining space, power, and territory by cooperating with allies and preventing enemies from becoming as powerful as themselves. However, geopolitics is the factor that determines the level of state-to-state relations of Cambodia and Russia experiencing. Geopolitics influences the political form of state. When the Soviet Union grew in power, communism also spread throughout the world, especially in Southeast Asia. When the United States and its Western allies won the Cold War, the growth of democratic countries increased to more than 140 countries. When China and Russia gained influence on the international scene in the early 2010s, some countries turned from democracy to authoritarian regimes. Throughout history, the international order reflected beliefs and interests of the strongest powers, and the international order would change according to new powers that come in its place, including their beliefs and interests.

Currently, Russian government developed a foreign policy that focused on the better relations with countries in the ASEAN region and internationally, but the economic and trade ties between Moscow and Phnom Penh remained unclear (Thai, 2018). Therefore, Russia only strengthened and continued to connect with its friendly countries, and what Russia should do is geopolitics and economics in the Middle East and Europe. On the other hand, in ASEAN and in Indochina, Russia's influence changed to that of the superpower China in competition with the United States. What was noteworthy was that China was a hegemon or a regional power before the arrival and expansion of the West, supported by the Industrial Revolution. China rose rapidly after Deng Xiaoping's open reform. China's rapid economic growth and development since 1978 were the driving force behind the current shift in the balance of power in economic and political terms in the region and the world.

In fact, in the early 1980s, China's gross domestic product (GDP) was less than 300 billion US dollars. In 2021, China's GDP was over 16 trillion yuan,

making it the world's second-largest economy, behind the United States, which had 22 trillion yuan. Remarkably, since Deng Xiaoping's reforms, GDP increased 30-fold and 750 million people lifted out of the poverty, an unprecedented number in China's recorded history (Thai, 2018). By looking at the definition of Russian policy, it was true that ASEAN was important, but Russia did not focus on Cambodia. In 2016, Russia's foreign policy towards Southeast Asia blossomed, with the Russian government expressing its certainty that Russia wanted to build stronger, long-term friendly relations with ASEAN countries.

According to the Russian historians, Cambodia seems to be far from this important Russian control. Russia's foreign policy, updated at the end of 2017, showed that Russia continued to improve relations with the ASEAN countries such as Vietnam, Thailand, Malaysia, Indonesia, and Singapore from a comprehensive strategic partnership, with the notable exception of Cambodia, which was not mentioned in Russia's foreign policy (Thai, 2018). The lack of focus on Cambodia may stem from a meeting between Russian Prime Minister Dmitry Medvedev and Prime Minister Hun Sen, who discussed Cambodia's investment and debt as Russia sought to boost diplomatic ties in the region in 2015. During the meeting, Cambodia also raised the issue of a debt owed to Russia of about \$1.5 billion, which arose after the collapse of Democratic Kampuchea. Cambodia asked Russia in the past for debt forgiveness, but not to avail. However, the two leaders agreed to further discuss the debt forgiveness. Cambodia sought more investment from Russia in that amount, as well as opportunities for direct flights between two countries and requested scholarships for Cambodian students and markets for rice and garment products. Although the 2015 meeting saw the two sides signed a number of agreements, including information exchange to combat money laundering and financing of terrorism. Political cooperation between Cambodian People's Party and all Russian political parties, United Russia, understood on cooperation for the future use of nuclear energy, and other investment agreements (Sok, 2015), which may prevent Russia from focusing on Cambodia for its policy of strengthening political influence in ASEAN

3.2 Obstacles to Russian-Cambodian Economic Cooperation

The Soviet Union collapsed in the Cold War, and Russia became the political and geopolitical successor to the former Soviet Union. In particular, since 1993, Cambodia became an independent country and, in principle, can be a full-fledged dialogue partner of Russia in order to seek the mutual interests of both parties. As of 2015, cooperation in all sectors between Phnom Penh and Moscow was still at a remarkable level, with trade between two countries reaching less than \$50 million in 2015. Only 8 Cambodian students received

scholarships for 2016-2017 academic year from Russian government. Even the number of Russian tourists visiting Cambodia decreased significantly in recent years. There were about 80,000 Russian tourists in 2015, compared to over 100,000 in 2014. The inactive cooperation between Moscow and Phnom Penh was a consequence of Russia's foreign policy, which had so far not valued Asia or did not reach out to Asia. Russia had one foot in Europe and the other in Asia. During the Cold War, the Soviet Union, which was equally powerful, and the United States, exerted ideological and political influence over both Europe and Asia. After 1991, Russia, a military giant but an economic dwarf, cut off aid to North Korea, Vietnam, Cambodia, and Laos, and later decided to reconsider its economic relations with Cambodia. It was observed that until 2015, 2016, and 2017, the total trade volume was as follows:

	2015 (USA)	2016 (USA)	2017 (USA)
Cambodia-Russia			
Exports from Cambodia to Russia	35,353,766	46,722,174.37	18,763,818.72
Imports from Cambodia to Russia	837,790	8,468,796.26	4,856,773.69
	36,191,556	55,190,970.63	23,620,592.41

This above data was about Russian investment in Cambodian real estate from a small overseas real estate (online) company. Kachmazov was a respected real estate and investment expert, a prolific speaker at the national and international real estate conferences, and regularly published and broadcasted on the property market and provided advice for young investors in Cambodia. There was a decent number of Russians in Cambodia, but Russians seemed to be less interested in the Cambodian real estate market and less interested in investing in the Cambodian real estate. In fact, many Russians spent their winters in South Asia, including Cambodia, Thailand, and Vietnam. Most of them rent Russian-style apartments and rent houses in Asia. Experts surveyed apartments and townhouses in Sihanoukville in 2013-2014, but the demand for Cambodian real estate was limited compared to other countries. There were several things that could be attractive about Cambodian real estate such as low taxes, low prices, relaxed lifestyle, friendly people, and new experiences. There were Russians seeing the disadvantages of lower market transparency compared to Europe and restrictions on foreign ownership of Cambodian real estate (foreigners were not allowed to own land). Other Asian countries seemed to be attracting Russians' attention. Asian countries such as Thailand and Vietnam were popular among Russian Far East residents due to their proximity. For example, the people from Vladivostok (in the Far East of Russia) were three times more interested in Thai real estate than Muscovites who preferred to buy real estate and spend their main holidays in Europe because it was closer. Cambodian real estate sellers can make their properties

attractive to Russian customers, whose potential, credibility and persuasion were limited. Russians were always skeptical and ask for facts and evidence. They didn't know "Why should I work with this seller?" The answer was as follows (Realestate, 2016).

Many buyers were looking to buy apartments near the sea for their own living, for a holiday abroad or permanent move. These buyers were located in Spain, Italy, Montenegro, France and Turkey. Since 2014, according to a close study of buyers who wanted to invest in real estate, rather than spend money on holiday villas and apartments. These buyers wanted to buy housing to rent out. A 2015 study found that 63% of commercial real estate market chooses rental apartments. Small hotels were also popular, only 20%, and rental apartments - only 16%. Of the total foreign real estate investment by Russians, the main focus was on property investment abroad. The popularity dates back to the early 2000s, and the period 2012-2013 showed a significant increase in the number of Russian-speaking buyers in several countries, including Spain, Bulgaria, Latvia, Turkey and Montenegro, with Russia taking the lead in the residential real estate market. When the ruble depreciated, the volume of investment fell sharply after 2014. In fact, in 2012-13, Russians invested more than \$400 billion in real estate abroad every three months, and in 2014-15, more than half of the previous year. According to Russian Central Bank, the volume of remittances fell by 30% year-on-year to just \$199 million, compared to \$281 million in the first quarter of 2015 and \$484 million in the first quarter of 2014. Not only had the volume of investment decreased, but also the budget of buyers decreased. On the other hand, there had been a noticeable increase in demand for real estate investments, especially in order to increase income by purchasing residential and commercial buildings, and customers were increasingly interested in development projects.

There were several factors that motivated Russian buyers to invest in real estate abroad. Over the past five or six years, Russians were motivated by the "super-money"; they had enough cash to invest in seaside villas and enjoy a European lifestyle. Between the beginning of 2014 and May 2016, the US dollar appreciated against the Russian ruble by more than 80%. As a result, real estate abroad became more expensive for those with ruble income. The main incentive for the Russian consumers was currently the lowest mortgage rates in Europe and the opportunity to invest in a safe and low-risk market.

Online marketing was essential for international property buyers. According to the National Association of Realtors, three-quarters of buyers started their property search online. Simply speaking, every real estate company had a website. It was important to advertise, increase the ease of use in the search box so that potential buyers could find it among thousands of websites. Since 2014, English-language advertising on the website was Tranio.com. Today,

at least 5% of its fans were from Europe, Asia, the United States and the Middle East, and their distribution was growing steadily.

Tranio was an international real estate agency. It helped customers buy and rent properties directly from foreign agents and developers at no additional cost and without need for any other intermediary. It was not just a real estate website, and it also provided support and advice at all stages of choosing and buying a property. And it was not a typical real estate agency, as it had about 500 partners worldwide and did not favor any agent or developer over any other. It also published news and reports on foreign real estate and provided expert advice. In 2013-2016, the company increased its contracts with 500 partners. Tranio was presented on the real estate market for six years. After a client family bought a house from them in Croatia in 2010, some of the clients had the idea of creating a real estate business. Real estate experts saw the potential of this sector, which had a large number of customers, a wide range of interesting products, and little competition in Russia compared to the vast market opportunities.

The company began to create a website in 2010 and received full rights in March 2011. Initially, the company planned to monetize the site, as real estate websites did, by selling advertising and receiving money from fees for listing properties on the site. However, the company soon became dissatisfied with this idea, because too much advertising often made the site difficult to use and reduced its quality. In 2012, the company changed its monetization strategy and became a mixed-use website and real estate agency. It sold vacation homes by the sea and helped guests enjoy a comfortable life. When a crisis hit the Russian market in 2014-2015, the company changed its strategy even further. Investors increasingly relied on profits, while profits in Europe were steadily falling due to the strong demand and a decrease in construction volumes. The only way to invest money in today's market was to invest in value-added projects, called redevelopment and renovation projects, offering in 2016. The next goal was to create own redevelopment projects. Investors wanted to buy the multi-family residential buildings in Spain, rent them out to create large apartments, and sell them to users who will live in them or rent them out.

Expanding capital to international property buyers was to protect business from Russian threats. Strengthening Russia's relations with Cambodia was a key component of President Vladimir Putin's broader goal of expanding Russian influence in the ASEAN bloc. Medvedev's historic visit to Phnom Penh in November 2015 further underscored Cambodia's importance to Putin's Southeast Asia strategy. Medvedev's visit was the first official visit by a Russian leader to Cambodia since Soviet Foreign Minister Eduard Shevardnadze visited Phnom Penh in 1987. The diplomatic process was an

important step toward resolving any lingering tensions between Russia and Cambodia persisted for a decade after 1991. Despite these developments, the shift toward a Russian-Cambodian partnership has been fruitful, albeit with obstacles stemming from inefficiencies in Cambodia's economic system and some negative historical legacies (Samuel, 2016).

In the economic sphere, bilateral trade between the two countries had grown significantly over the past decade. According to data from Russian Federal Customs Service, imports from Cambodia to Russia last year amounted to more than US\$200 million, and exports from Russia to Cambodia were nearly US\$20 million (Kin, 2021). Despite signs of progress towards a long-term Russia-Cambodia economic partnership, there were a number of obstacles that could slow down or ultimately prevent the alliance from achieving results. One issue was regulatory and planning institutions of Cambodian economy, with Mekong Oriza expressing concerned that Cambodia's approach to cooperation with Russia focused on developing independent public-private partnerships rather than as part of a joint process.

Despite the Cambodian government's initiatives was to lower electricity prices, cut taxes, and streamlined the bureaucracy, Cambodia's rice industry still received higher production costs than its Southeast Asian neighbors. All of that extra spending could eventually cause Russia to divert its investments to Vietnam or Thailand or Laos, depriving Cambodia of much-needed foreign capital to sustain its economy (Russia's Gateway to ASEAN, 2016). Russia and Cambodia's comparative advantages and sources of economic strength were not complementary. This lack of synergy was evident in 2015, when trade between Phnom Penh and Moscow fell by 16 percent. The two countries tried to address the problem by expanding the scope of economic cooperation and extending these new agreements until 2020. But regional business leaders suggested that Cambodia's trade with Russia will not help boost Cambodia's economic development much, as Russia's economic strength lies in its exports of cheap fossil fuels. Cambodia needed to be careful to ensure that closer ties with Russia did not undermine or undermine its long-standing alliance with China. Phnom Penh maintained close ties with China since the rise of the Khmer Rouge regime in 1975 and had historically viewed close ties with Beijing as a counterweight to Vietnam's hegemonic ambitions (Samuel, 2016).

The Agreement on Economic and Technical Cooperation (1980) was an agreement on economic and technical cooperation on the issue of the joint venture Kasotim. The joint venture Kasotim was a Cambodian-Russian tropical wood processing joint venture in which Cambodia held 49% of the shares, represented by Ministry of Agriculture, Forestry and Fisheries, and the Russian side, represented by Ministry of Foreign Affairs, which held 51%

of the shares. It was established in 1980. According to the minutes of the meeting with Russia on the request of Russian side to withdraw from the joint venture in September 2016 at Forestry Administration under chairmanship of Sierra, Deputy Director of Department of Forestry Administration, and attended by officials of the Forestry Administration representing the Russian side. Sierra welcomed the ladies and gentlemen present at the meeting and informed the meeting that the meeting was a meeting at the request of the Russian side, requesting the Ministry of Agriculture, Forestry and Fisheries to discuss the joint venture Kasotim. The Ministry of Agriculture, Forestry and Fisheries authorized the meeting. Dr. Khon Sareth reported on the recent activities of Kasotim, in which Dr. Khon Sareth reported on the activities of Kasotim, a group of investors engaged in forest concessions in Cambodia. In response to an e-mail from the Russian side, which asked for a number of questions to be discussed at that time and other relevant issues, the Russian side proposed to comment on at this time.

Despite this long-standing partnership, Cambodia was careful to demonstrate to the international community that it had an independent foreign policy and was not completely beholden to China. Critics of Hun Sen saw Cambodia's pro-China stance on the South China Sea dispute at the ASEAN summit as evidence of Phnom Penh's dependence on China. A degree of orienting towards Russia could be effective in showing that Cambodia was not simply a satellite in Beijing's sphere of influence (Samuel, 2016).

Russia was committed to improving relations with Cambodia, especially in the economic sector, with new leadership of Royal Government of Cambodia. This was stated by Anatoly Borovik at a press conference on December 26 last year. Russia intends to exchange visits of high-ranking and highest-ranking leaders with Cambodia. Borovik mentioned that Russian Embassy examined the possibility of preparing a number of agenda items: documents, agreements to be signed with Cambodia during the next visit. In front of Cambodian journalists, the diplomat stated that despite being subject to Western sanctions, Russia was able to maintain Russian economic growth at around 5 percent. This showed that Russia still played an active role in trade with many countries, including Cambodia. Regarding the currency exchange for payments between the two parties, Anatoly Borovik said that the National Bank of Cambodia (NBC) and the Russian Ministry of Finance continued discussions to achieve this soon. At this point, he criticized the West for imposing sanctions against Russia and trying to block other countries from making payments with their country. According to Anatoly Borov, the dollar in circulation today received lot of dissatisfaction from various countries. Russia and other major powers such as China, India, etc. implemented mutual payments in their national currencies to avoid using the dollar. Meanwhile,

Russian scholarships continued to be provided to the Cambodian students, currently numbering 40 places each year. Russia will provide the additional scholarship quotas if Cambodia wished to increase exchanges or send students to study in Russia. As for the issue of the conflict between Russia and Ukraine, Cambodia did not vote in favor of Moscow over the military operation in Kiev. On this point, the ambassador stated that “Russia respects Cambodia’s decision because Cambodia is an independent, democratic state and can implement a comprehensive policy, so Russia never interferes with any independent and sovereign state. However, Russia’s position is to try to explain to its Cambodian counterparts about the attempts of Western countries to drag Ukraine into this chaotic situation.” The Russian representative also took the opportunity to defend the operation in Ukraine and explain the reasons that led Russia to send more troops into Ukraine (Thun, 2023).

3.3 Changes in foreign policy

After suffering economic pressure from the United States and the European Union due to the problem in Crimea, Russia changed its policy. The Crimean crisis made Russia seek support from other countries in the international arena, and Cambodia showed its disapproval of Russia's actions in Ukraine. At the same time, Cambodia was also affected in the relations between the two countries. Russia's position was to integrate Crimea into the Russian Federation, respecting the results and supporting the referendum on March 16, 2014. If Crimea felt into NATO, NATO structures would move closer to the Russian border, causing serious security concerns. On December 15, 2014, Lavrov said that Ukraine would undergo a constitutional review with the participation of all regions and political parties. In this way, Ukraine can keep the two regions in the east of the country as Ukrainian territory. On December 19, 2014, the United States imposed an embargo on goods, technology, and services entering Crimea. On the same day, Canada imposed a ban on the sale of technology to Russia in the oil and gas industry and warned that the Russian government had violated the territorial integrity, sovereignty and independence of Ukraine. Canada did not accept the illegal occupation of Crimea and the provocation of military action in eastern Ukraine. Ukraine's position Ukrainian President Petro Poroshenko told the Council of Europe Parliamentary Assembly in Strasbourg, France, that Ukraine would only be able to normalize relations if Russia returned Crimea to Ukraine. Without the return of the territory, relations between the two countries would not be normalized (United Nations, 2018).

The United States and European Union imposed increasingly harsh sanctions on Crimea, which had a negative impact on trade, economic, and political cooperation with Russia. On March 27, 2014, the UN General Assembly

voted in favor of Kiev's proposal, with 100 countries voting in favor, and 11 voting against, and 58 abstaining (including China) (United States, 2014). Cambodia's position on Crimean issue was that Cambodia took a principled stance of not supporting the secession of sovereign states, such as Kosovo's secession from Serbia. Cambodia did not recognize Kosovo, and in the UN elections on March 27, 2014, Cambodia took a dissenting stance. The UN General Assembly just adopted a resolution urging Russia to "end its temporary administration of Crimea" since February 2014. The Autonomous Republic of Crimea and the city of Sevastopol (Ukraine) were occupied by Russian Federation. The international community didn't recognized Crimea as part of Russia's annexation.

With the UN Secretary-General Resolution 68/262, since Russia annexed Crimea, the peninsula was militarized, with the deployment of weapons such as missiles, aircraft, nuclear weapons and troops to the region. Russia-led military exercises in Crimea demonstrated Russian aggression, according to Ukraine. The United Nations General Assembly (UNGA) on Monday (New York time) adopted a new resolution urging Russia to end its temporary administration of Crimea without further delay. The resolution on military activities in Crimea, the port of Sevastopol (Sevastopol) parts of the Black Sea and the Sea of Azov were adopted with 63 votes in favor, 17 against and 62 abstentions. The resolution did not bound, but it was politically significant. The resolution, which was proposed by countries such as the United Kingdom, France, Germany, the United States, Australia, Canada and Turkey, also called on the Russian Federation to immediately withdraw its troops from Crimea and end its occupation of parts of Ukraine without further delay.

Western countries, especially the United States, accused Russia of illegally annexing the Crimean Peninsula from Ukraine by organizing a referendum in 2014. In response, Moscow rejected all allegations and claimed that the overwhelming majority of Crimeans, more than 95.5 percent, voted for their own reunification with Russia. The United States began imposing sanctions on Russia in March 2017, accusing it of annexing Crimea and conducting military operations in Ukraine (FRN, 2017). In response to the crisis in Ukraine, the United States imposed sanctions on a number of Russian individuals involved in Crimea, denying them visas to enter the United States and freezing their assets in the United States. Sanctions was also imposed on Russian state banks, major businesses, including oil giant Rosneft, and arms manufacturers. To make matters worse, in early August 2017, the United States Congress passed a bipartisan bill to impose sanctions on Russia, which was signed into law by President Trump (Tolksdorf, 2018). The new law further tightened existing sanctions over the Ukraine crisis and introduced new measures, such as restrictions on major Russian industries such as

railroads, shipping, and mining. In addition, the United States has joined forces with its allies to impose sanctions on Russia, including the European Union, Switzerland, Norway, Canada, Japan, and Australia.

3.4 Russia's Seeking Support from Other Countries

The United Nations adopted a resolution and approved Russia's actions in Crimea. The resolution was overwhelmingly approved, with 141 out of 193 member states voting in favor. Notably, only five countries voted against the resolution: Russia itself, Belarus, Syria, North Korea, and Eritrea. The remaining 35 countries abstained, including China, Vietnam, Laos, Cuba, India, Pakistan, Bangladesh, and several African countries (Gnem, 2022). Russia sought support from a number of friendly countries both in the region and beyond. Russia strengthened its ties with Turkey during Putin's visit to Turkey on December 1, 2014. Russia and Turkey signed a memorandum of understanding on natural gas after Russia decided to cancel a project to transport natural gas to Europe via Bulgaria. Meanwhile, Russia continued to improve relations with India during Putin's visit to India on 1 December 2014. Russia and India signed 20 agreements covering energy (building 10 nuclear power plants), military cooperation and bilateral trade. The two sides agreed to increase trade to US\$20 billion by 2015. Beijing made its proposal on 24 February 2023, the first anniversary of Moscow's invasion. The Russian offensive killed tens of thousands of civilians and soldiers, with its forces accused of indiscriminate bombing of Ukrainian cities and other atrocities. While most countries in the world condemned Russia, with many imposing sanctions on all sides, People's Republic of China refused to do so, refusing to call Putin's war an invasion. Instead, Beijing strengthened ties with Moscow, including deploying more than 2,000 troops, as well as warplanes and warships, to the Vostok 2022 military exercises in Russia (Ipdefenseforum, 2023).

Putin and Chinese Communist Party General Secretary Xi Jinping declared an "unlimited friendship" between the two nations. Notably, just weeks before Russia invaded Ukraine, Beijing made its offer to Russia, but a top NATO official warned the People's Republic of China against providing arms to Russia. NATO Secretary-General Jens Stoltenberg told Reuters. "That is why the United States and other allies have been very clear in warning against it. And certainly, China should not support Russia's illegal war," (Ipdefenseforum, 2023). Newsweek reported: Russia issued a limited response to China's offer, with Kremlin spokesman Dmitry Peskov saying that the details should be the subject of careful analysis. Peskov indicated that he was treating the Chinese friend's plans with great care. Mykhailo Podolyak, an adviser to President Zelenskyy, tweeted that any plan that would allow Russia to occupy any part of Ukraine "is not a plan for peace, but a freezing

of war and the defeat of Ukraine, the next stage of Russian genocide.” (Ipdefenseforum, 2023).

4. Conclusion

The relationship between Cambodia and Russia, though historically rooted and marked by the past cooperation, remained fragile and encumbered by unresolved issues. Chief among these was the lingering debt Cambodia owes to Russia from the Soviet era, which continued to strain diplomatic relations and hindered potential development partnerships. Additionally, the economic imbalance between two nations, exacerbated by Russia’s global sanctions and Cambodia’s vulnerability to climate change, limited mutual investment opportunities, and economic synergy. The study mentioned Geopolitical shifts—the rise of China’s influence in Southeast Asia and Cambodia’s efforts to maintain a balanced foreign policy—further complicate this bilateral relationship. While both nations express a willingness to enhance cooperation, particularly in trade, infrastructure, and education, these efforts must be underpinned by transparent negotiations, strategic alignment, and mutual economic interests. Moving forward, Cambodia and Russia must engage in pragmatic diplomacy to overcome historical grievances and adapt to the realities of a changing global order.

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