

U.S. Aid Cuts in Cambodia Prompt Swift Chinese Intervention, Raising Geopolitical Concerns

March 28, 2025



The U.S. decision to cancel two aid projects in Cambodia, focused on child literacy and nutrition, has been quickly followed by China's announcement of funding for nearly identical programs, highlighting the growing geopolitical competition in Southeast Asia. This development has raised concerns about the strategic implications of U.S. foreign aid reductions.

In late February, the U.S. terminated projects totaling \$40 million, part of a broader overhaul of U.S. foreign assistance under the Trump administration. Just a week later, China's aid agency unveiled its own initiatives, echoing the goals of the canceled U.S. programs. China's ambassador to Cambodia, Wang Wenbin, emphasized the importance of children's well-being, stating, "We should care for the healthy growth of children together."

The U.S. State Department defended its decision, stating that it prioritizes aid programs that enhance American prosperity and security. They also noted the "significant progress" achieved in Cambodia through 30 years of U.S. investment, expressing hope for a "productively mature" relationship despite changes in aid strategy.

However, critics argue that the U.S. withdrawal creates a vacuum that China is eager to fill, potentially bolstering its influence in the region. Charles Kenny, a senior fellow at the Center for Global Development, described the situation as a "diplomatic gift" to China, noting that "In every country where there's a serious USAID cut, if they put a small amount of money into a health and education project and say, 'Look,

we're ramping up,' that does seem to be a bit of a publicity gift for them."

The timing of China's announcement, following the U.S. cuts, has fueled concerns among lawmakers and experts about the geopolitical risks of reducing U.S. foreign aid. They warn that China, which has invested heavily in infrastructure through its Belt and Road Initiative, could further expand its influence in developing nations.

Cambodia's government acknowledged its reliance on multiple partners, stating, "If one partner withdraws support, we seek to find another partner to replace it." The Chinese Foreign Ministry reiterated its commitment to assisting Cambodia's development, emphasizing its principles of "non-interference" and "not attaching any political strings."

Former USAID officials, like Diana Putman, argue that U.S. foreign aid provides crucial leverage for U.S. ambassadors. "Their leverage and ability to make a difference in terms of foreign policy in that country is backed up by the money that they bring, and in the Global South that money is primarily the money that USAID has," Putman stated.

The situation in Cambodia underscores the strategic implications of U.S. foreign aid policy and the potential for China to capitalize on any perceived retreat.