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# 博鳌亚洲论坛 2014年年会

2014年4月8-11日 中国海南博鳌

# BOAO FORUM FOR ASIA ANNUAL CONFERENCE

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## Welcome Speech by Yasuo FUKUDA

Chairman of the Boao Forum for Asia and Former Prime Minister of Japan  
At the opening plenary of the Boao Forum for Asia Annual Conference 2014  
Boao, Hainan, P. R. of China

Your Excellency Premier LI Keqiang,  
Leaders from various countries,

It is my honor to welcome you to this annual meeting of the Boao Forum for Asia. Thank you very much for coming. The Forum counts the 13th time since its beginning in 2002. It is becoming one of the most significant economic forums in the world. In each annual conference, we have been gathering with our old friends and meeting new friends from all over the world, including Asia.

The theme of this year's Forum is Asia's New Future: Identifying New Growth Drivers. The 21st century is called as Asia's era for long time. And now, we are convinced that such era has arrived. At the same time, the importance of Asia's economy in the world is rising and we are feeling greater responsibility. In order to further develop Asia, each country must always think of not only its own interests but also those of the entire region and even those of the world as a whole. We must be responsible for our own deeds and words. Otherwise we cannot hope for sustainable economy and society.

The most important task of the Boao Forum for

Asia is to integrate Asian economies and to deepen mutual understanding and cooperation for that purpose. If we damage our mutual trust, we might lose growth drivers of Asia. Expanding and consolidating economic partnership and frameworks of regional cooperation will contribute to our development.

Taking this opportunity, I would like to propose a word of importance which describes a relationship based on deep mutual understanding from the bottom of one's heart. In Chinese, 心连心. In English, heart to heart.

Heart to heart contact is to be humble to the others and to explore together opportunities of cooperation by understanding others' stances and thoughts while insisting one's own ideas in candid dialogues. It is my sincere wish that everybody builds heart to heart relationships in this Forum.

Today this opening ceremony is honored with a number of distinguished leaders. I look forward to hearing from all of you innovative and forward-looking messages that will guide ongoing reform and restructuring in Asia, emerging markets and the world at large. Thank you once again.

# Jointly Open up New Vistas for Asia's Development

Speech by H.E. Li Keqiang, Premier of the State Council of the People's Republic of China At the Opening Plenary of the Boao Forum for Asia Annual Conference 2014

Dear Guests,  
Ladies and Gentlemen,  
Dear Friends,

In the lovely spring, I am delighted to meet with friends from 52 countries and regions at the Boao Forum for Asia Annual Conference 2014 in the beautiful island of Hainan. On behalf of the Chinese government, I wish to extend warm congratulations on the opening of the annual conference and a hearty welcome to all forum participants.

The Boao Forum for Asia has entered its 12th year, and it has become an important platform with an Asian focus and a global vision. "Boao", the site of the Forum, means "enchanted water and abundant fish" in Chinese, and I think it is a symbol of the Forum's fruitful achievements. Attending this year's annual conference are many heads of government from Asia and Africa, and a great number of business leaders, and think tank and media representatives. Friends, both old and new, are meeting here to discuss ways to boost development of both Asia and the world. Exchange of views will create new vision, and more interactions bring friends

closer. I hope that you will be fully engaged in forum discussions, and I look forward to benefiting from your insights.

Our world today is undergoing profound changes. The international architecture faces new adjustment. Uncertainties and destabilizing factors affecting the global and regional environment are increasing. Hotspot issues emerge from time to time. The world is moving towards multi-polarity amidst twists and turns. The global economy is in profound adjustment. Developed economies have seen new changes, while emerging economies have encountered new challenges, and many countries are on different economic trajectories. The global recovery has been a slow and difficult process and growth remains lackluster. To achieve strong, sustainable and balanced growth is still a daunting challenge facing all of us.

Asia is at a crucial stage of development. Asia is one of the most dynamic regions in the world. It boasts one third of the global GDP, over 4 billion people and ample supply of labor force. It enjoys distinct advantages as a late comer and has tremendous untapped development potential. That said, most Asian countries are developing

## *Nations, with low per capita GDP*

and uneven regional development. Over 700 million people in Asia still live below the international poverty line. Asia is faced with the huge challenge of growing the economy and improving people's livelihood. And Asian countries have to address both old problems and new ones. Ultimately, the key to solving Asia's problems lies in development. It is development that will change the world and shape the future. Development therefore remains the top priority of Asian countries.

## *Nations, with low per capita GDP*

To sustain its development momentum under the new conditions, Asia needs to find a dynamic source of development to re-energize itself. The theme of the annual conference: "Asia's New Future: Identifying New Growth Drivers" cannot be more relevant and is crucial to Asia and the world. Here, I wish to share with you my views as follows:

First, we should stick to the overarching goal of common development and build an Asian community of shared interests. In the age of economic globalization, no Asian countries can achieve development in isolation

from each other, still less can they pursue development as a "zero-sum game". Rather, with our interests closely entwined, we the Asian countries need to seek mutually beneficial cooperation where "one plus one can make more than two" and even produces a multiplying effect in which "two plus two makes more than four". The impact of the international financial crisis still affects us. Macro-policy adjustments made by developed countries have added uncertainty to the environment for development. Some Asian countries have experienced economic slowdown, rising inflation, and even capital flight and currency depreciation. Pessimistic views about the prospects of emerging economies have resurfaced. Faced with these new developments and new problems, we countries in Asia should continue to act in the spirit of solidarity in face of difficulties, turn our strong economic complementarity into mutual support for each other's development, expand convergence of interests and achieve mutually beneficial coexistence and win-win development.

In the past decade and more, intra-regional trade in Asia has expanded from US\$1 trillion to US\$3 trillion, and its share of total trade of all Asian countries

increased from 30% to 50%. Yet this is still far less than that in the EU. Regional economic integration meets the interests of all Asian countries. We need to work in unison to promote trade liberalization and investment facilitation, and upgrade regional and sub-regional cooperation. The negotiation on the Regional Comprehensive Economic Partnership (RCEP) is the largest trade agreement negotiation with the most extensive participation in East Asia, and the RCEP is integration of existing mature free trade areas. Being highly inclusive and based on Asia's industrial structure, economic model and social tradition, the RCEP is a phased-in arrangement that accommodates member countries at different levels of development, and it does not exclude other regional trading arrangements. China will work with all other parties to accelerate the negotiating process. At the same time, the launching of a feasibility study on a Free Trade Area of the Asia-Pacific (FTAAP) may be considered to maximize the benefits of trade and investment in the Asia-Pacific. China takes an open position towards the Trans-Pacific Partnership (TPP). As long as the TPP is conducive to the development of global trade and the fostering of an equitable and open trading environment, China is happy to see its conclusion. We are committed to upholding the central role of the WTO multilateral trading system in global trade development. Both the RCEP and the TPP should become important supplements to the multilateral trading system, and these two mechanisms should go hand in hand and reinforce each other. We hope that agreement can be reached on the RCEP by 2015. As a Chinese saying goes, "When everybody puts firewood in the fire, the flame rises high." As long as the

Asian countries make concerted efforts, we can ensure that Asia will continue to serve as an important engine driving the global economy.

Second, we should foster a general environment for integrated development and form an Asian community of common destiny. Economic integration is central to achieving common development in Asia. Asia's beautiful future hinges upon not only the development of each and every country but, more importantly, the common progress of the whole region. As a Chinese adage aptly puts it, "A single thread cannot be spun into a cord. And a single tree cannot create a forest." We the Asian countries need to deepen result-oriented cooperation in all fields, pursue integration through opening-up and development through integration, strengthen economic ties, seize the opportunity of innovation-driven development, and thus hold the destiny of development in our own hands.

Infrastructure connectivity is a basic condition for integrated development. Countries in the region should join hands and speed up infrastructure construction including rail, road, air and water transportation. China is ready to work with countries involved to draw up plans for building the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor and the China-Pakistan Economic Corridor, and upgrade China-ASEAN FTA. China will continue to promote the important projects of the Silk Road Economic Belt and the 21st Century Maritime Silk Road this year. China is ready to intensify consultations with relevant parties in and outside Asia on the preparations for the Asian Infrastructure Investment Bank and hopes that the bank can be officially launched at an early date. Industrial complementarity is a key

aspect of integrated development. We the Asian countries should take advantage of our geographical proximity to deepen cooperation across the upstream, mid-stream and downstream industrial chains, and build an industrial network and economic system that draw on our respective comparative strengths. The destiny of the Asian economy hinges on reform, innovation and structural adjustment. Asian countries need to ride the global trend of new technology revolution, enhance exchanges, and draw on each other's experience to advance scientific and technological progress and personnel training, especially young people, boost the "new economy" featuring green development, energy, environmental protection and the internet so as to seize an advantageous position in future development and raise industrial and economic competitiveness. This will not only increase the internal impetus for achieving sustained development in our region, but also create new opportunities for global economic recovery.

Third, we should maintain the general environment of peaceful development and build an Asian community of shared responsibilities. Regional turbulence courts disaster while stability in the neighborhood brings

prosperity. Asia owes its progress to a peaceful and stable regional environment, and peace and stability are the fundamental safeguards for Asia's development. Sixty years ago, China, India and Myanmar jointly initiated the Five Principles of Peaceful Coexistence, which have become basic norms governing international relations. These principles embody Oriental wisdom and represent a major contribution to human civilization, and we should pass on the vision of peaceful coexistence from generation to generation. A close neighbor is better than a kinsman afar, and close neighbors can become best friends. To achieve peace and stability in Asia, we the Asian countries should build consensus, make active efforts and jointly fulfill our due responsibilities. We should promote security dialogue and consultation, strengthen cooperation on non-traditional security issues, including disaster management, maritime search and rescue, counter-terrorism and combating transnational crimes, and actively explore the establishment of a regional security cooperation framework in Asia.

Here I wish to emphasize that China is committed to peaceful development. We pursue a neighborhood policy of building amity and friendship, and we are firm

in our resolve to uphold China's territorial sovereignty. We also follow a clear-cut policy of seeking peaceful solutions to disputes. We will give full support to initiatives that help strengthen maritime cooperation. We will not accept acts that undermine stability in the South China Sea. We Chinese believe in repaying kindness with kindness and meeting wrongdoing with justice. We value friendship and never treat friends unfairly, and we also stand by principles and firmly uphold our fundamental position. A peaceful and stable South China Sea is in the interest of all littoral countries, including China. China is ready to steadily advance consultation on a code of conduct in the South China Sea within the framework of the Declaration on the Conduct of Parties in the South China Sea, and work with other countries to ensure peace, stability and freedom of navigation in the South China Sea. China loves peace and cherishes development. It is ready to work with other countries in the region to build a peaceful, prosperous and open Asia and maintain peace, stability and tranquility in our neighborhood by enhancing political mutual trust.

Ladies and Gentlemen,

Asia's development is important to the future of the world, and China's development is closely bound up with Asia.

To keep China's economy running within a proper range is both a basic target of China's current macro-control and its medium-to-long-term policy goal. We have set this year's target of economic growth at about 7.5%. The word "about" indicates that there is a range for the GDP growth. As long as there is fairly sufficient employment and no major fluctuations, the actual GDP growth will be considered to be within the proper range, be it slightly higher or lower than the 7.5% target. Statistics show that urban employment continued to increase, individual income, corporate profits and fiscal revenue registered steady growth, consumer prices remained stable, growth of electricity consumption started to rise and there were positive dynamics in structural adjustment. In short, the Chinese economy has got off to a stable and good start. On the other hand, the upturn of the Chinese economy is not yet on a solid footing, downward pressure still exists, and difficulties in some fields must not be underestimated. These problems show the impact exerted on China by

the complex international environment; they also reflect the prominent challenges and economic slowdown that China faces.

Preparedness ensures success. Faced with this complex situation, we need to calmly assess the current developments, stay focused, and take initiatives as called for. In exercising macro-control, we will endeavor to strike a balance between aggregate supply and demand, focus on improving the economic structure, ensure proper policy intensity of macro-control in the light of changing situation and take targeted and differentiated measures as appropriate. Last year, we pursued creative thinking and methods in exercising macro-control and gained new experience in this regard. We will not resort to short-term massive stimulus policies just because of temporary economic fluctuations and we will pay more attention to sound development in the medium to long run and strive for sustained and sound economic development. With all the principles established and policy options at our disposal, we can handle all possible risks and challenges. China's development has strong resilience. We have the capabilities and confidence to keep the economy functioning within the proper range.

There are conditions in place for the Chinese economy to achieve sustained sound growth. China has a big economy and large foreign exchange reserves. There is steady and coordinated progress in advancing the new type of industrialization, IT application, urbanization and agricultural modernization. And the Chinese market has broad space. There is much we can do to boost China's development. In particular, there is

a large urban-rural gap in development. Population in the central, western and northeastern regions accounts for over 60% of the national total. And per capita GDP has just exceeded US\$5,000. To narrow the gap between urban and rural areas and among different regions will unleash huge potential of growth. We have introduced a series of policies to advance reform, adjust structure and benefit the people, and more such measures are under consideration. All these will help ensure such steady growth.

Steady growth is possible only with a solid foundation just as long distance can be covered only by a vehicle with a high-powered engine. The Chinese economy has the basis for steady growth. It not only enjoys good conditions for maintaining medium to high speed growth in the time to come, but also inexhaustible impetus for sustained development. Under the theme of identifying new growth drivers, we will make multi-pronged efforts in the following three areas:

First, we will create impetus by deepening reform. The market has huge vitality and the people have indefinite creativity. We will work harder to streamline administration and delegate more power to lower level governments. We will introduce a system of listing government powers, consider the adoption of a management model based on a negative list approach, accumulate useful experience through the development of the China (Shanghai) Pilot Free Trade Zone and spread it to other areas. This will enable us to expand market access, foster a better business environment, encourage fair competition, develop a law-based economy, unleash greater dividends of reform, spark social creativity, and stabilize market expectations. Opening-up is also a kind



of reform and can boost reform. We will carry out a new round of opening-up at a high level. An important part of this endeavor is to further open up the services sector, including the capital market. For example, we will actively create conditions to establish a Shanghai-Hong Kong stock exchanges connectivity mechanism, and further promote two-way opening-up and healthy development of the capital markets on the mainland and Hong Kong. We will continue to raise the level and quality of opening-up through deeper integration with the international market.

Second, we will create impetus by adjusting economic structure. We will narrow urban-rural and regional development gaps and address the unreasonable industrial structure to push forward structural adjustment through structural reform. We will speed up efforts to improve the services sector, which is our weak link, extend the pilot VAT reform to postal, telecommunications and other services sectors, use tax tools to develop producer and consumer services, and use more private capital to increase the supply of old-age support, health, tourism, culture, sports and other services. We will implement a new type of people-centered urbanization, address the bifurcation between urban and rural areas and within cities, and grant urban residency in an orderly manner to rural people who have moved to cities. The government will increase support and use market tools to rebuild more rundown areas this year. We will expand development from the coastal areas to the inland regions in a phased way and nurture new economic support belts along the Yangtze River waterway and important land transportation trunks. We will push forward the construction of rail, road and other

transport infrastructure in central and western regions to foster favorable conditions for industrial relocation. We will also promote the development of green industries, new energy, and energy-conserving and environment friendly technologies and products to foster new growth areas, and resolutely eliminate backward production facilities in this process to ease the resources and environmental constraints. We will increase the size of the national guidance fund for venture capital in emerging industries, leverage the role of innovation in spurring development, move industries up the value chain, and raise the productivity of factors of production.

Third, we will create impetus by improving people's livelihood. The purpose of development is to improve people's lives. The 1.3 billion Chinese represent the largest consumer market and source of demand in the world. And as people's lives improve, the domestic demand will play a greater role in driving economic growth. We need to increase people's income as the economy grows. And employment is the source of income and is crucial for people's lives. We will implement a more energetic policy for employment and entrepreneurship and give greater fiscal, tax and financial support and services to university graduates and unemployed people when they seek jobs or start their own businesses. We have substantially raised the limit of annual taxable income of small and micro companies eligible for halved corporate income tax from 60,000 yuan to 100,000 yuan. We will also introduce more tax breaks to encourage individually-owned businesses and enterprises to hire more. We want to steadily raise people's incomes by creating more jobs and start-ups. We will improve the social safety net

and public services so that people will have no worries. We will take a comprehensive set of policies to boost consumer spending, raise people's spending power, increase consumption of goods and services and reduce distribution costs so that consumption can provide greater support for economic development.

Having registered rapid growth over the past three decades and more, the Chinese economy has entered a new stage of improving quality and performance. We need to overcome stumbling blocks on the way forward and make steady progress towards achieving our long-term goals. We will pool the courage, vision and strength of over one billion people to write a new chapter in the "China story" and endeavor to realize the great Chinese dream of national renewal.

Ladies and Gentlemen,

We live in an era of interdependence. Never has the world been so closely connected as it is today; and never has Asia needed win-win cooperation so much as it does today. Success can only be achieved when the wisdom of all is pooled. We the Asian countries should work

closely to uphold regional peace and stability, promote development in our region, build a common homeland for us and contribute more to world peace, development and cooperation. China will forge ahead and share weal and woe with other Asian countries in a joint effort to open up new vistas for Asia's development.

In conclusion, I wish the forum a full success and all the guests coming from afar and friends attending the conference a fruitful and enjoyable stay here and good health.

Thank you!

# To Strengthen the Strategic Partnership between China and Australia

Speech by The Hon. Tony Abbott,

Prime Minister of the Commonwealth of Australia

At the opening plenary of the Boao Forum for Asia Annual Conference 2014

Boao, Hainan, P. R. of China

Premier LI Keqiang,  
Distinguished guests,  
Ladies and gentlemen:

It's an honor to address this Boao Forum which now rivals Europe's long-running Davos Forum and which does so much to showcase the Asia-Pacific region. I'm pleased to be the fourth Australian prime minister to attend and will be a regular participant in the future.

On this trip to China, I am accompanied by the foreign minister, the trade minister, five state premiers, one chief minister and 30 of my country's most senior chairmen and CEOs. It is one of the most important delegations ever to leave Australia. And what better way could there be to demonstrate that Australia is open for business than to visit all three of our largest export partners on the one trip, culminating here with the biggest one of all. And to conclude free trade negotiations with Japan, sign the free trade agreement with Korea and, perhaps most hopeful of all, accelerate free trade talks

with China. As Premier Li has just stressed, trade means jobs and freer trade means more jobs.

With a collective GDP of \$15 trillion and a combined population of more than 1.5 billion in North Asia alone, the world's economic and geo-political center of gravity has decisively shifted towards our region. The rise from the ashes of war to economic leadership by Japan, by Korea and by China – most spectacularly of all – has been a transformation unparalleled in human history. The rest of the world is rightly in awe of the way these countries have lifted hundreds of millions of people into the middle class in just a generation. This is the greatest and the quickest advance in human welfare of all time.

It's happened because governments have allowed individuals and families to take more control of their own futures. It's been a practical acknowledgement of the inherent capability of every human being.

And I am proud that Australian coal, iron ore, gas and services exports have helped to drive this prosperity. Australia has the natural and the human endowments

to give the countries of our region the resource security, the food security and the energy security that all seek. Australia has the capacity and the reliability to be the energy supplier and the food supplier to our region.

After all, Australia is the number one global exporter of coal, iron ore and beef. We are the world's fourth largest exporter of gas and we'll be the largest exporter by 2020. Australia is fifth in the number of universities in the world's top 100, and hosts the fourth highest number of international students. On a GDP basis, we have the world's 12th largest economy, the world's fifth highest standard of living and the world's fifth most traded currency. And we have first class military forces that regularly operate and cooperate with the world's best. Australia is strong. Strong enough to be a valuable partner, but not a dominant one.

Last week, I twice visited the Pearce airbase near Perth to thank the aviators searching for the missing flight MH370. I particularly thanked the airmen from China, Japan and Korea, who are planning and executing missions together, along with their counterparts from Malaysia, New Zealand, Australia and the United States. This cooperation in a good cause is a powerful

antidote to the strategic pessimism that sometimes clouds discussions of our region's future. It is yet another demonstration that the countries of our region can achieve so much more together than apart. Indeed, the comparison of our region's pre-war and post-war history abundantly demonstrates that we will all advance together – or we won't advance at all.

Australia's preference is always to look forwards rather than backwards; to win friends rather than to find fault; to be helpful, not difficult. Team Australia is here in China to help build the Asia Century. China, after all, has taken to heart Deng Xiaoping's advice that to get rich is glorious. And China should be richer still, thanks to Premier Li's reforms. To be rich is indeed glorious – but to be a true friend is sublime. Australia is not here in China to do a deal, but to be a friend. We don't just visit because we need to, but because we want to. Our region and our world need peace and understanding based on international law and mutual respect. Participation in this Forum has helped to build Australia's strategic partnership with China which has much to offer each country and our region.

Thank you so much.

# The Future Perspective of Korean Economy

Speech by H.E. CHUNG Hongwon,  
Prime Minister of the Republic of Korea

At the opening plenary of the Boao Forum for Asia Annual Conference 2014  
Boao, Hainan, P. R. of China

Premier LI Keqiang,  
Distinguished guests,  
Ladies and gentlemen:

Today I am delighted to be here at the Boao Forum, the most representative Forum in the region, to share with you the ROK's vision for Asia's future and sustainable growth as well as the endeavors the ROK government has been making for economic innovation. I want to first of all offer my appreciation and respect to the Chinese government and the members of the organizing committee for their efforts in preparing this forum. As you all know, Asia has served as an engine for global economic growth and achieved impressive development in the past several decades. It is estimated that by 2050, Asia's share in the global economy will amount to 50%. As reflected in these numbers, the role of Asia is going to further grow in the future.

In order to realize the potential of Asia's new future, close cooperation among Asian countries is most essential. In the Chinese classic text, Zhou Yi, there is a saying that when two men are of the one and same mind, together they can even break iron boats. So we look

forward to seeing this forum serve as an opportunity for the many countries in Asia to become of one and same mind and pool their wisdom and strength.

Ladies and gentlemen,  
we have seen ongoing uncertainties in the global economy. So it would not do to be optimistic about Asia's future alone. There are so many issues that need to be addressed, including sluggish growth, high unemployment, income imbalances, environmental pollution, energy crisis, resource depletion, and so on. To overcome these challenges, the ROK government has transformed the paradigm in economic policies by changing our way of perception and is thinking out of the box. We aim to move towards a creative economy in which imagination and ingenious ideas create new industries and markets, thereby adding value to the economy and creating new jobs.

Building a creative economy is the key strategy of our three year plan for economic innovation unveiled last month. The first pillar of the three year plan is a fair and efficient economy. By improving efficiency in the public sector, establishing fair trade roles in the market,

enhancing productivity in the business labor relationship and expanding social safety net, we will strengthen the fundamentals of the ROK economy.

The second pillar is growth through innovation. To help people with talents and skills to start their own businesses, we have launched some online help platforms.

And now throughout the country we have set up offline creative economy innovation centers, operating around this online platform. Furthermore, to foster a stronger basis for the creative economy, we plan to increase investment in science and technology to 5% of GDP by 2017. We are now accelerating regulatory reform to lift regulations that may prevent the emergence of new industries and impede investment.

The last pillar of economic innovation is a balance between exports and domestic consumption. For this, we will concentrate on facilitating domestic consumption, boosting investment through regulation, regulatory reform, promoting service industries and creating jobs for young people and women. I know that the Chinese government has been emphasizing the importance of nurturing the culture and creative industry and underlining the need for innovation in order to achieve sustainable growth. There is an ROK proverb, cypress trees rejoice when pine trees grow thick. As the saying goes, we hope to share and exchange our strategies for economic innovation with Asian countries in order to promote mutual development.

Ladies and gentlemen,

Next year will mark the 70th year since the division of the Korean Peninsula. During the past 70 years, the

ROK achieved remarkable economic growth based on democracy and market economy. But we remain a divided country. Recently, President Park Geun-hye announced in Dresden of Germany an initiative to pave the way for a reunited Korea by resolving humanitarian issues of the people on both sides of the peninsula, building an infrastructure that supports the livelihood of the people and integration between the people of the South and the North.

Peaceful reunification of Korea is not confined within the Korean Peninsula. It also embodies a vision for a new future of the broader Asia. A united Korea with a population of 75 million will provide a new market and investment opportunities to the world and offer full potential to become the new growth engine of Asia. On this occasion, I would like to ask for the support and active cooperation from the nations in Asia and the international community as we strive to achieve reunification on the Korean Peninsula.

Ladies and gentlemen,

The history of mankind has been shaped by responses to challenges. At every time of crisis, creative leaders fully rose to challenges, thereby leading to further advances in the history of the human race. I would like to encourage the creative leaders in Asia to guide us towards building a bright and prosperous future. Before I end, let me express my best wishes for the continued development of the Boao Forum as well as the health and success and happiness of all our participants.

Thank you.



## Lao PDR in the Globalization Era

Speech by H.E. Thongsing Thammavong,

Prime Minister of the Lao People's Democratic Republic

At the opening plenary of the Boao Forum for Asia Annual Conference 2014

Boao, Hainan, P. R. of China

Your Excellency LI Keqiang, Prime Minister of the State Council of the People's Republic of China,

Distinguished delegates,

Ladies and gentlemen,

It is a great pleasure and honor for me to attend the Boao Forum for Asia Annual Conference 2014 in Boao and in this beautiful city of Boao, under the theme Asia's New Future: Identifying New Growth Drivers.

The conference is being held at a time when the world's economy continues to recover from the global economic and financial crisis. I would like to express my sincere thanks to the government and the government of the People's Republic of China and the organizing committee for a warm welcome and hospitality extended to our delegation as well as the excellent arrangement made for the conference. I am convinced that, building on our traditional friendly relations and close cooperation under the Boao Forum for Asia framework over the past years, our meeting will yet provide another good opportunity for leaders from Asian countries to have constructive and substantive discussions on various issues pertaining to reform, innovation and sustainable

development in our Asian continent.

Distinguished delegates, ladies and gentlemen,

Indeed Asia is a vast continent which possesses an abundance of natural resources, untapped potentials and cultural diversity. On the other hand, development gap in the region is still widened. All these offer both opportunities and challenges for us.

I noted, with appreciation, that despite the severe impacts caused by the global economic and financial crisis in recent years, many countries in our region have consistently enjoyed fast-growing development, thus significantly contributing to the recovery of the world's economy and making Asia a key driver for growth of the world's economy and continuing to be the center of gravity for economic cooperation and development in the 21st century.

We highly appreciate that China and ASEAN have good coordinated and collaborative mechanisms in the process of realizing the ASEAN economic community to be built by 2015 – as reflected in the expansion of economic cooperation and concluding of free trade various agreements with partners – thereby making

ASEAN an important contributor to driving Asia's development and creating sound development and stability of the world.

Distinguished delegates and guests,

Taking into account the Lao PDR's particularity as a land-locked country and, coupled with the potentials that it has, the government of the Lao PDR is making utmost efforts to implement the opening up policy and actively engaging in regional and international integration.

At the same time, we are trying to improve connectivity with our neighbors through investing in infrastructure development such as roads and railways, linking to neighboring countries with a view to transforming the Lao PDR from the land-locked country to the land-linked one – thus facilitating trade and commodities exchanges, cross-border transportation and people-to-people contact in our region. In this connection the Lao PDR is still in need of technical and financial support and assistance from foreign countries.

Therefore we would like to express our full support for the President XI Jinping's initiative on the

establishment of the Asian Infrastructure Investment Bank as it will play a crucial role in bringing development and prosperity to our region. Finally, I would like to wish the Boao Forum for Asia Annual Conference 2014 a brilliant success.

Thank you.

## Africa is a Continent of Laws

Speech by Rt. Hon. Dr. Hage Geingob,  
Prime Minister of the Republic of Namibia

At the opening plenary of the Boao Forum for Asia Annual Conference 2014  
Boao, Hainan, P. R. of China

Your Excellencies,  
Ladies and gentlemen,

Firstly, let me express my profound thanks to Premier Li for having invited me to People's Republic of China and to also kindly invite me to be here with you. I would like to thank you for your hospitality, extended to my delegation, and also for what we have seen in China so far. It is the first time that I am in this part of China. So thank you very much for your hospitality and kind invitation.

By also welcoming me here, in this unique Asian forum – as Prime Minister of Australia said, you are setting an example when calamity hits that you can come together as human beings to search for those who are still missing. And our prayers are with those families who are anxiously waiting for the outcome of what's going to happen. We are with them. I'm also the only unique person here – not because of my height and not because of my darker color, but because I am from Africa. I am from Namibia. But Namibia is a child of international solidarity.

Namibia was midwifed by United Nations.

Therefore, I can belong anywhere. So all of you, all of you supported our cause, supported our struggle for independence. And therefore we got independence 24 years ago. We maintain peace and unity. Now we are trying to go to the second phase of our struggle – that of economic emancipation.

Africa, from which I'm bringing greetings to you, is also on the march. Africa is not anymore Africa of conflicts only, coups and so on. We are now talking about using our resources to develop other countries. Therefore Africa is ready to do business with you. Africa is ready to be a law-governed continent. Yes, we still have a few trouble spots. But trouble spots are being addressed by Africans themselves.

So therefore, come to Africa. We are ready to do business with you. We are governed by democracies, regular elections. But we are not eating only democracy and elections. Therefore we want to use and leverage our resources so that we can use them to feed our people, to clothe our people and to house our people. So thank you very much. Very soon you may rename this forum as Asia and Africa forum.

Thank you very much.

# We are Brought together by Fate

**Speech by Nawaz Sharif:**

**Prime Minister of the Islamic Republic of Pakistan**

**At the opening plenary of the Boao Forum for Asia Annual Conference 2014**

**Boao, Hainan, P. R. of China**

Your Excellency Premier Li Keqiang,  
Distinguished Mr Yasuo Fukuda, Chairman Boao Forum for Asia,  
Honorable Mr Zhou Wenzhong, Secretary General of the Boao Forum for Asia,  
Respected guests,  
Ladies and gentlemen.

It is a matter of great honor and privilege for me to speak at this august gathering. Since its inception, the Boao Forum has transformed itself into a globally recognized platform, contributing to evolving ideas that truly reflect the voice of Asia on global economic issues.

I wish to congratulate the government of the People's Republic of China for providing this opportunity to leaders from friendly countries to gather here in this beautiful island and discuss measures necessary to keep pace with the changing trends of global economy. I also want to congratulate the organizing committee of the Boao Forum on the successful holding of this conference.

The current Conference of the Boao Forum for Asia is taking place at a critical juncture in our times. Recently, we witnessed the worst financial crisis of

modern history that crippled the global economy. On the other hand, we are witnessing a transition of economic power as Asia is increasingly becoming the powerhouse of the global economy. I am certain that our discussion today on Asia's New Future: Identifying New Growth Drivers and the subsequent meetings in this picturesque town, will offer fresh perspectives and open up new horizons.

Excellencies, ladies and gentlemen,

The forces of globalization, urbanization and innovation in technology, are changing not only the destiny of Asia, but also the entire world. Over the years, Asia has become a leading player of the global economy, with emerging Asian economies growing at twice the average growth rate than other regions. The dynamism of this continent, which is home to more than four billion people, is indeed remarkable. China is, of course, a major stimulant to this remarkable phenomenon. Despite stagnant growth rates in various parts of the industrialized world and the massive shocks faced by the international financial system since 2008, China has consistently registered high growth rates. This

remarkable growth augurs well for all of us.

Ladies and gentlemen,

We have recently witnessed a recession that adversely affected the global economy. Consequently, faith in the global economy was shattered, as people lost their jobs, corporations were declared bankrupt, banks became insolvent and housing prices plummeted. Social and political consequences that accompanied this crisis were not limited to a region. The recession and the financial crisis, despite all associated pains must be a lesson learnt. One key lesson is that our destinies are linked together and that common development can be pursued only through a coordinated effort.

Based on our shared experience of navigating through turbulent times, I will offer four elements as new growth drivers for Asia.

One, maintenance of peace and security is critical to economic growth as peace and development are strongly linked. For an interconnected global economy, any armed conflict can be devastating. Conflict prevention and conflict resolution should, therefore, be accorded high priority. We must strengthen peace mechanisms to ensure economic growth.

Two, regional connectivity needs to be most important driver of steady growth for developing countries of Asia in this decade. We must strive for greater regional connectivity, particularly through roads, rails and the sea-lanes. As we all know, infrastructure development stimulates investment, provides job opportunities and connects billions of consumers. I feel honored to share the common resolve of Pakistan and China to take a lead in creating regional connectivity

links. Jointly, we are pursuing our common dream of building the China-Pakistan Economic Corridor, which would enhance economic and trade cooperation, promote economic integration, and foster economic development of the two countries.

Three, investment in research, development and technological innovation is essential for Asia's economic growth. Developing countries, which often lag behind in technology ladder, should be assisted with technology transfer in critical areas.

Four, Asian countries are blessed with a huge asset. That is its youth. By creating more economic opportunities for the youth, we can achieve a miracle. Our youth is committed, talented and dynamic. In Pakistan, we have launched a number of schemes for the youth, like easy access to loans for starting new businesses, and scholarships for pursuing higher studies. We intend to invest more in our youth, as we believe, this great asset would be the real driver of our future growth.

Finally, all our growth strategies would be futile without investment in green energy technologies and closer attention to clean environment and sustainable development. Faced with challenges of urbanization, Asia must prudently address demographic pressures on environment.

Excellencies, ladies and gentlemen,

The salient points that I have laid down for Asia are also being pursued in the context of Pakistan. We are striving for a peaceful neighborhood, by focusing on settlement of disputes and improving regional security. Since assuming office last year, the economic policies chartered by my government have started producing results.

After reducing the acute energy shortfall by clearing liabilities in the energy sector, we embarked upon an economic rebuilding plan last year and presented a budget by cutting wasteful expenditure and abolished discretionary grants and minimized subsidies. To increase the business footprint in the country, we have a deregulation plan in place that includes a greater role for private equity in business.

Pakistan is emerging from the ravages of the war on terror, which inflicted immeasurable damage on our economy in the last decade. The Pakistan of 2014 is a confident country, open for business, trade and investment. We assure ease of business and healthy dividends on investments.

Ladies and gentlemen,

The sagacious leadership of China is overseeing rapid strides in the Chinese economy. This, I am sure, would help reinforce Asian and global economic growth. In China, it is said that a journey of thousand miles begins with a single step. The step taken by China's great leader, Deng Xiaoping in 1978, led to a

reform process that has put China on the road to the Chinese dream, which has been articulated with great clarity by President Xi Jinping. Asia can also begin a similar journey of prosperity by taking the single step of collective approach, in addressing shared challenges and by win-win cooperation.

Our people have worked hard to bring us to this point, from which we can plan for a better tomorrow. Realization of this dream lies in enhanced regional connectivity and integration. Trans-national roads, rails, oil and gas pipelines, institutions of higher learning, centers of excellence of scientific innovation and better performing financial sector would be real drivers of growth for Asia in the coming years.

Destinies have made us neighbors and put us together. Let us now make conscious efforts to build a harmonious region through mutual trust, mutual benefit, equality, consultation, respect for diverse civilizations and pursuit of common development. We strongly believe that shared prosperity is the real prosperity. I wish the Boao Forum for Asia 2014 a great success.

Thank you.

# The Rise of China is Beneficial for Timor-Leste

Speech by H.E. Kay Rala Xanana Gusmao,

Prime Minister of the Democratic Republic of Timor-Leste

At the opening plenary of the Boao Forum for Asia Annual Conference 2014

Boao, Hainan, P. R. of China

Your Excellency Mr Li Keqiang, Premier of China,  
Distinguished heads of governments,  
Distinguished participants,  
Excellencies,  
Ladies and gentlemen,

It is a great pleasure and an honor to speak to you at this most important Asian conference. With the theme of this year's conference, Asia's New Future: Identifying Growth Drivers, we will be exploring the dynamics of the great geo-political transition of our time. Now, more than ever, it is critical that we engage in dialogue, including a conference such as this, to ensure that the transition to Asia's new future is peaceful and beneficial for all.

We are part of a great shift in global economic and strategic weight to Asia. In this new Asia, we will see the world's financial capitals in our region, not only Hong Kong and Singapore, but also Shanghai and Mumbai, Jakarta and Tokyo, Seoul and Shenzhen. As Asia powers global production as well as consumption, we will become the center of international focus as this strategic geo-politics is played out in our region.

The global financial crisis, which exposed

the moral bankruptcy and endemic failure of the international financial system, has hastened this shift to Asia and continues to cause havoc on both sides of the Atlantic. The drivers of growth in the new Asia, however, continue unabated. Emerging economies continue to grow and drive global growth. In the coming decades, and in South East Asia alone, we will see Indonesia become one of the world's largest economies. Asia's rise will produce a massive regional middle class of hundreds of millions of people driving a huge increase in consumption and production. And of course, unrelenting technological progress is not only transforming productivity and how we do business but also changing the global social fabric and connecting us all in ways unthinkable in the past.

Central to the transition to the new Asia is the rise of China. We look to the achievements of China with awe and admiration. With outstanding leadership, and guided by the traditions of an ancient culture, China is harnessing the energy of its people and by the end of this decade will become the largest economy in the world. The dragon is roaring and no one will be unaffected by the rise of a modern and advanced superpower as it shakes the world,

bringing peaceful development and widespread prosperity. The rise of China, along with Asia, is bringing benefits to our small nation of Timor-Leste which has been enjoying peace, good governance and some of the highest rates of economic growth in the world.

Ladies and gentlemen,

The rise of Asia is lifting hundreds of millions of people out of poverty, at a level never seen before in human history, and is driving global growth and innovation. But as we transit to the new Asia we must be aware of the challenges. Some of our economic growth has not been balanced and extreme poverty remains. Inequality is rising which presents risks to our social fabric and progress. While the Asia-Pacific region is home to many of the world's great economic powers, it is also home to nearly two-thirds of the world's poor.

The lack of infrastructure, such as road networks, energy and telecommunications, is the most challenging issue in the Asia-Pacific – especially, as the Prime Minister said, in land-locked countries like Laos.

Problems are also most acute in fragile and conflict affected nations, not only in other parts of the world but

also in our region. Not one fragile nation has achieved a single Millennium Development Goal and the global development agenda needs to turn its focus to these countries. At the same time, the rise of the Asian middle class will see increased consumption impacting the sustainability of resources while the existential challenge of climate change must be addressed. And of course, we cannot deny growing regional strategic tensions at the same time as the region's growing prosperity allows nations to modernize and expand their defense forces. And so, we must look to a new paradigm of global engagement which is driven by the common good and international law and not the self-interest of the rich and the powerful.

Now, as much as ever, we need dialogues such as these conferences so that we can build and strengthen positive relationships of respect and friendship; and together, navigate a path towards a new Asia full of cooperation, stability, and prosperity for all.

Thank you very much.



# To Build a Prosper Community of Asia-Pacific

Speech by H.E. Arkady Vladimirovich Dvorkovich,

Deputy Prime Minister of the Russian Federation

At the opening plenary of the Boao Forum for Asia Annual Conference 2014

Boao, Hainan, P. R. of China

Premier Li Keqiang,  
Distinguished heads of government,  
Chairman of the Council, Yasuo Fukuda,  
Ladies and gentlemen,

It is an honor for me to attend this year's annual conference. First of all, on behalf of our Prime Minister, I would like to express warm congratulations on the opening of the Forum and let me wish the Forum a full success.

The Boao Forum has become an important platform promoting Asia-Pacific business cooperation. And themed on Asia's New Future: Identifying New Growth Drivers, this forum is aimed to explore new drivers for sustained regional development. To enhance multi-tiered, mutually beneficial partnership with Asia-Pacific countries and take an extensive part in regional integration is a top priority of Asia's policy towards the Asia-Pacific, and an important guideline put forward by President Putin. Russia's increasing engagement with the East is never an expediency but a prudent and clear-

cut foreign strategic policy. It is a reflection of a dual reality. Asia has increasingly become a cornerstone of global political and economic stability and other fields. In choosing Asia-Pacific as a priority in our diplomacy, Russia can meet its needs in developing its Siberia and Far East Regions. We would like to make full use of the opportunities presented by Asia-Pacific growth and complete our task of nation-building.

To build a prosperous Asia-Pacific community also needs a strong Russia. Russia has made important contribution for addressing the major issues such as energy, food security, economic security and emergency response. Russia is ready to make more efforts. The Eurasia economic alliance as a new growth area will present new opportunities for regional overall development. Russia is a major energy producer and stands ready to provide a stable energy supply for countries in this region.

One may also find competitiveness in this region. Our main purpose is to provide a stable supply of energy. In recent years, Russia has implemented a

series of projects conducive to regional development. For example, some gas field, nuclear power station and expanding exports of oil and liquid natural gas. China-Russia energy cooperation has been growing most rapidly and in 2013 alone, the Russia-China crude oil pipeline provided China with crude oil of about 15.75 million tons. And the electricity and coal cooperation between Russia and China have been strengthened. Last year, a cooperation agreement was signed on a liquid natural gas production project, with a total investment of \$20 billion.

Russia is also committed to cooperation in diversified sources of energy. For example, we have invested in some oil high-tech project in Iraq worth US\$4 billion. And currently, the production stands at 120,000 barrels and is expected to reach 400,000 barrels by the end of this year.

In terms of food security, which is of great importance to many Asia-Pacific countries, by 2020 Russia's annual food production will hit 120 to 125 million tons. And exports capacity will increase to 30 to 35 million tons or even 40 million tons. Russia is also ready to expand agricultural production and advanced

technology cooperation with Asia-Pacific countries.

Russia will vigorously develop infrastructure building in rail, road, air and maritime transportation to diversify routes of logistics. Russia will continue to open the capital market to Asia-Pacific countries and establish more R & D centers. We will leverage our advantage in science, technology, universities and R & D institutions and enhance exchanges in this field.

In conclusion, let me point out that Russia stands ready to make a concrete contribution for mutually beneficial and pragmatic cooperation in the region to ensure economic stability and a sustainable growth in the Asia-Pacific. Well, to speak Russian or English, it is not an important matter. Because I believe what is important is that Russia is a country in the region and can make its due share of contribution to regional development. Let me thank the organizer for the hospitality and thoughtful arrangements.

Thank you.

# To find Peaceful Solutions for Disputes

Speech by H.E. Vu Duc Dam,

Vice Prime Minister of the Socialist Republic of Vietnam

At the opening plenary of the Boao Forum for Asia Annual Conference 2014

Boao, Hainan, P. R. of China

Your Excellency Li Keqiang, Premier of People Republic of China,

Your Excellencies,

Ladies and gentlemen,

First of all, I would like to express my sincere gratitude to the government of People's Republic of China and the organizer of the Boao Forum for Asia for your warm hospitality and thoughtful arrangement.

It is fascinating that we are gathered here today, in very modern and well-equipped convention center to discuss about the future of Asia. It is even more interesting to recognize that until the beginning of the first millennium, this area was just a humble fishing village. The changes that we have seen today would strengthen many people's belief that 21st century is the century for Asia.

Indeed, people have talked a great deal about Asian miracle and the amazing recovery, resilience and multiplicity of reforms produced in Asia following severe crises. The recent crises have shown that the growth model based primarily on natural resources need to be transformed. Enhancing competitiveness

is considered as a top priority. While this is inevitable in the globalized world, it is important to link competitiveness with a sustainable and inclusive growth. Asian people often ponder about and live by cause and effect. If economic development leads to the exhaustion of natural resources, the destruction of environment and social instability, then it is imbalanced development that demands a high price that we are going to have to pay. Unpredictable weather and serious epidemics are only some of immediate effect that our planet is currently faced with. Asia and the world will enjoy sustainable development only if we move toward a green growth which aims at a better life for all our people.

Reality has shown that if we are to find a new way or a new model for development, it is important that innovation need to be promoted and technological innovation should be considered as a driver. The innovative capacity of each individual and strength of science and technology should be fully tapped so that we can maximize all of our social and natural potential in the most effective way. Looking back since the late 18th century, Asia has benefited from spread industrialization. During the last few decade of 20th

century, many Asian countries progressed by leaps and bounds as a result of their determination and innovative capacity. Yet the majority of technology adopt in this development countries still come from Europe and North America. The good news is that today Asia has started to create more and more technology. And China is a very good example. Many people would, of course, point out that in today's connected world, new technology and innovation has been and should be shared widely and openly so everybody may participate. However, we should also recognize the increasing importance of Asia's participations and its transference of new technology to the world.

Asia has an enormous opportunity and mandate to surge forward, not only for itself but to address the problem mankind is facing. People become stronger and better by reinforcing each other and sharing responsibility. The linkage between different economies, regions and continents need to be strengthened. The establishment of ASEAN Community and Regional Comprehensive Economic Partnership as well as other cooperation arrangements and mechanisms between countries – Asia and Europe, trans Pacific, and other –

will create a favorable environment and give momentum for Asia and its partner to thrive.

Last but not least, I would like to emphasize that the future of Asia and the drivers of growth in Asia will only be meaningful if we can maintain stability and build and strengthen a peaceful and cooperative environment. Disputes, differences have to be settled by peaceful means, in accordance to international law and practice, with sincerity and trust. Every state, large or small, rich or poor, needs peace and stability. Cooperation based on mutual interest, share of responsibility, mutual respect and trust is the vital factor that we want to attain sustainable growth for the region and for the world. The government of Vietnam is striving to cooperate with another nation and partner to that end. On that note, I wish the Boao Forum for Asia 2014 a success in its endeavors.

Thank you for your attention.

## To Keep Steps with Asia & China's Growth

Speech by Mohamed H. AL-MADY,

Board Member of the Boao Forum for Asia and

Vice Chairman and CEO, SABIC, Saudi Arabia

At the opening plenary of the Boao Forum for Asia Annual Conference 2014

Boao, Hainan, P. R. of China

Premier Li Keqiang,  
Chairman Yasuo Fukuda,  
Your Excellencies,  
Distinguished guests,

Let me begin by extending, on behalf of SABIC and all participating companies, our warmest congratulations on the opening of the Annual Conference of the Boao Forum. This is the sixth consecutive year that we have come to Boao. SABIC is honored to be the first strategic partner in the Forum's 13 year history. The Boao Forum stands testament to the Asia success story. SABIC first partnered with Boao six years ago, when the Forum was

establishing itself as a showcase for the region's vibrant economy. Today, Boao enjoys the reputation as a leading economic forum with growing global influence.

SABIC is proud to be associated with Boao as we are proud, also proud, of our association with Asia. Our focused relationship and long-term success, our passion for ingenuity and innovation, our care for the environment and sustainable living – it is this shared value that underpins our commitment to the region. And it is for this reason that I identify very closely with the Forum's theme – Asia's New Future: Identifying New Growth Drivers. Since the 1980s, SABIC has made a strategic priority to increase our presence and

collaboration in China and the wider Asia region, as we pursue our vision to be the preferred world leader in petrochemicals.

China and Asia have successfully weathered the global financial crisis and continue to play a significant role in global economic growth. I am particularly encouraged by China's introduction of new policies and reform which will underpin market economy development, accelerate urbanization, increase innovation and promote sustainable entrepreneurial growth. China is making a successful transition from an investment-led growth to one driven by consumption and innovation. This will create region-wide opportunities for sustainable economic development and a growing market for differentiated products and applications across the industries, including transportation, construction, electronics, packaging and energy. It is this growth and this opportunity that positions China and Asia as the key strategic growth regions in our SABIC growth strategy.

And we are continually expanding our partnership throughout the region. At the end of last year, we opened a new innovations center in Shanghai in China to develop innovative products and technology to support

customers and help them realize their ambitions. SABIC is committed to being an inclusive growth partner with China and Asia. We will continue to invest in the region to drive customer success. We look forward to growing with our partners in China and Asia and to embrace the new opportunities, support further sustainable development and contribute continual stability and prosperity across the region.

Representing all participating company, I wish this year's Boao Forum Annual Conference every success.

## Jointly Undertake the Great Initiatives With Confidence and Mutual Trust

Speech by H.E. Yang Jiechi

State Councilor of the People's Republic of China

At the Session of "Reviving the Silk Road: A Dialogue with Asian Leaders" at the

Boao Forum for Asia Annual Conference 2014

Boao, Hainan, P. R. of China

Distinguished Guests,  
Friends from the Press,  
Ladies and Gentlemen,

It gives me great pleasure to attend the Boao Forum for Asia Annual Conference. Thanks to the concerted efforts of colleagues and people from various sectors in China and other countries, the Forum is becoming one of the most influential high-end fora in Asia and

beyond. Its influence stems not just from its high-caliber participants and organizers but also its acute antenna for the current trend and frontier topics of discussion, including the discussion we are having today on the Silk Road. I would like to take this opportunity to express my thanks to you, leaders from various countries and friends from all sectors, for joining our discussions on the building of the Silk Road.

The two initiatives of building a Silk Road

economic belt and a 21st-century maritime Silk Road, known for short as the Belt and the Road, were put forth by President Xi Jinping during his two separate visits to Central Asia and Southeast Asia last fall. The initiatives have received positive response from countries concerned and been followed with great interest by the international community. Premier Li Keqiang, in his speech this morning on China's policy toward Asian cooperation, made a special mentioning of the importance of building the Belt and the Road. Our discussion this afternoon is therefore highly relevant.

When I accompanied President Xi on his visit to Europe a few days ago, I found that people in different sectors across Europe have shown great interest and enthusiasm in the Belt and the Road. The Joint Statement released by China and the EU stated that the two sides will develop synergies between EU policies and China's "Silk Road Economic Belt" initiative and jointly explore common initiatives along these lines. During his visit to Germany, President Xi Jinping attended a grand welcoming ceremony in Duisburg for a train that arrived from Chongqing along the China-Europe railway. To everyone present there, the Silk Road, once a mere term in the history book, has become a novel story of modern logistics and of China-Europe cooperation delivering real benefits to people along the way.

Europe's enthusiasm for the Silk Road, both the ancient and the modern, is nothing accidental. It is one reflection of the world's renewed recognition of Asia's time-honored civilizations and its development potential today. It shows a new trend of communication and cooperation between the East and the West amid economic globalization in a world that is moving toward

multi-polarity.

Europe was the end of the ancient Silk Road, yet silk originated from China, where the Silk Road started, and many important areas along the Silk Road were in Asia. The Asian people, Chinese people included, opened the Silk Road, withstanding great hardships, and preserved it throughout the years. We therefore feel a natural affinity for the Silk Road, which had once witnessed the common history and glory of the Asian civilizations. For the Asian people, the Silk Road provides a source of historical and cultural pride, and stands as a flag of unity and cooperation among Asian countries.

The Silk Road has given the people of Asia confidence in their history and culture. As early as over 2,000 years ago, when the Silk Road first began to take shape, Asia already boasted matured civilizations and was leading the world in productivity, managerial expertise and the level of openness. Ample proof of this could be found in archeological discoveries and the study by western scholars. Asia was the cradle of Buddhism, Christianity and Islam. Silk, porcelain, lacquerware, ironware, saddle, the four great inventions of ancient China (papermaking, gunpowder, movable-type printing and compass) and the Arabic numerals of India were all, at one time, the proprietary rights of Asia. It was through the Silk Road that Asian countries embraced foreign merchants and students and shared with them, without reservation, Asia's most advanced commodities and technologies.

Since modern times, however, Asian countries have been left behind, suffering from the invasion and colonization of foreign powers and the shock of strong

cultures from the outside. Nevertheless, Asian countries cherish their own history and culture, and have sought to uphold the roots of their own values. Today, the people of Asia, neither conceited with past glory nor indulged in the memory of old sufferings, have chosen to draw strength from their tradition and culture, be innovative and strive to write a new chapter in Asia's history.

The Silk Road has given the people of Asia confidence in their development paths. Heterogeneity and diversity is the very feature and advantage of Asia. Every civilization, ethnic group and country along the Silk Road has its own social soil and development trajectory and everyone is equal and unique. The difference is never about which is superior and there is no need to force conformity. It is based on heterogeneity that merchants have been able to trade, wise men communicate and the world is diverse and colorful. Instead of being just one single road, the ancient Silk Road actually provided a choice of several roads, which passed through broad areas and many countries in Asia and Europe. This is quite inspiring as we engage ourselves in discussion on our development paths today.

Since modern times, patriots and righteous people

in Asia have explored tirelessly paths to a prosperous and strong nation. After experiencing many setbacks, they have come to the conclusion that to choose a proper development path, one must bear in mind the distinctive national conditions and that one may learn from but should never copy the experience of other countries. It is based on such an understanding that Asia, after the end of the Cold War, created miracles of economic development by working hard on its own and carrying out international cooperation. Asia has stood the test of the Asian financial crisis and the international financial crisis. According to the latest forecast of the Asian Development Bank, 45 developing economies in Asia will achieve a growth rate of 6.2% this year and 6.4% next year, more than three times the average for developed countries. Such result is not easily gained. It shows that Asian countries have done the right thing in sticking to their own paths which, despite thorns on the way, lead to bright prospects.

The Silk Road has given the people of Asia confidence to pursue inclusive cooperation. The Silk Road had enabled the East and the West to thoroughly interact with each other in peace and equality in all

possible areas. The network for trade running over the Eurasian continent way back in the early days brought benefits to all sides. The ancient Chinese technologies of iron-smelting, farming and irrigation were brought to neighboring countries to the west and south of China and greatly increased those countries' productivity, while the medicine, calendar and sculpturing art from South Asia were applied and valued in China. The Chinese Harp and Polo, created by ancient nomads in Central Asia, featured proudly in the history of Chinese music and sports. The sandalwood from Timor-Leste, elephant from Thailand, wood sculpture from the Laos, leather and fur from Russia, colored glaze from Europe and west Asia, and gems from Pakistan, Myanmar and Sri Lanka were all highly popular with ancient Chinese.

Some religions or sections of religion, after being introduced into China via the land and maritime silk roads, integrated with home-grown religions in China and coexisted with them in harmony. For the numerous Chinese and foreign envoys, merchants and the wise questing for scriptures and knowledge, it was the Silk Road, and the people who kindly assisted them along the way, that had made their journeys possible.

Now that conditions for transport and infrastructure have much improved and regional cooperation has entered a new stage, countries in Asia may well live up to the Silk Road spirit of peace, friendship, openness, inclusiveness and win-win cooperation, and endeavor to add a new dimension to the Silk Road spirit.

An important part of this new dimension, as I see it, is mutual trust. The Chinese people believe that "one would achieve nothing without credibility". Alexandre Dumas, the celebrated French writer, noted that "confidence is a rare jewel". In fact, travelers on the ancient Silk Road could hardly make the journey alone. They had to travel in company and look after each other on the way. They even had to work with each other when they sailed in a same boat on the sea. Despite the leapfrog development in science and technology, cooperation in transport today still faces hidden difficulties, and some Asian countries still suffer from a "deficit of trust". I believe as we work to improve connectivity and promote the Belt and Road initiatives, more needs to be done to increase mutual trust.

What forms the basis of mutual trust is for countries to respect history and draw lessons from it, follow a



path of peaceful development, act in the spirit of the UN Charter and the Five Principles of Peaceful Coexistence, respect each others' core interests and major concerns, treat each other with sincerity and learn from and help each other.

The Chinese philosophy values peace as being the most precious. The Chinese history shows a record of China in friendly relations with neighbors. And China's diplomacy honors the tradition of matching words with deeds. Former Malaysian Prime Minister Datuk Seri Mahathir observed that when Zheng He, the Chinese navigator of the Ming Dynasty, led the most powerful fleet to Southeast Asian countries more than 600 years ago, he brought along good things and genuine friendship, totally different from Western colonizers that came afterwards. Today, the people of Southeast Asia still cherish a fond memory of Zheng He. In fact, the "Zheng He Association" is going to be set up in Malaysia to promote trade and investment between Malaysia and China.

The Belt and Road initiatives China put forward fully reflect the commitment to mutual trust and mutual benefit. Chinese leaders have made it clear that in

implementing the initiatives, China will uphold the spirit of "amity, sincerity, mutual benefit and inclusiveness", which guide China's diplomacy regarding its neighbors, and China will not interfere in other countries' internal affairs, or seek dominance over regional affairs or sphere of influence. The Belt and Road initiatives are for open cooperation, with economic and cultural cooperation being the focus. They are not aimed at creating exclusive blocks or compromising existing multilateral mechanisms. The lands and seas of Asia are broad, and the mind of the Asian people is only broader. We should stay committed to open regionalism and make sure that all cooperation initiatives and institutions play their due role and complement each other.

The building of the Belt and the Road will deepen mutual trust and expand common interests among countries on the Eurasian continent. As President Xi Jinping pointed out, these initiatives will focus on "connectivity in five areas", namely, connectivity of policy, transportation, trade, currency and the heart of the people. Comprehensive as they are, these initiatives are practical and easy to operate.

The ancient Silk Road was a road for commerce

and trade. Likewise, the Silk Road initiative also seeks to promote economic cooperation on a priority basis. In 2013, the volume of trade between China and the countries along the Belt and the Road topped US\$1 trillion, accounting for one quarter of China's total foreign trade. Over the past decade, trade between China and these countries has grown by an average of 19% annually, 4 percentage points higher than the growth of China's foreign trade in the same period. What is more, there is still huge room for further growth. For instance, it is estimated that China's trade with ASEAN countries will hit US\$1 trillion by 2020.

In the coming five years, China will import commodities worth US\$10 trillion, invest over US\$500 billion abroad and send about 500 million tourists overseas. China's neighboring countries and countries along the Silk Road will be the first to benefit. In building the Belt and the Road, China will dovetail its development strategy with that of the countries along the Belt and the Road. We will advance our cooperation with them in trade, industry, investment, energy and resources, finance and ecological protection, and

strengthen cooperation on urban development, ports, land ports and industrial parks. Efforts will be made to nurture new growth points, support local employment, improve local capacity for sustainable development and realize common development of China and these countries.

Connectivity is the priority in China's vision for the Belt and the Road and also in Asia's regional cooperation. "Hard connectivity" in transportation and infrastructure is well under way. Last December, the bridge spanning the Mekong River on the Kunming to Bangkok road was completed. China played an important part by providing free assistance, and the project represents a result of joint efforts of China, the Laos and Thailand. The project will benefit local communities of the three countries and promote cooperation in the Lancang River and Mekong River areas.

The Piraeus Container Terminal of China Ocean Shipping (Group) Company in Greece is doing well. China will also build railways with Hungary, Serbia, Turkey and other countries. And China is talking with Russia on win-win operation models for the Eurasian railways. The blueprint of a grand Eurasian passage and

market is unfolding, and the ancient Silk Road is now beaming with new vitality.

"Soft connectivity" in policy, law, regulation and human resources will be promoted in parallel. China and ASEAN are discussing ways to upgrade their FTA, while the Shanghai Cooperation Organization (SCO) is advancing negotiations on agreements on international road transportation facilitation. China's cooperation with neighboring countries on quality and quarantine inspection and customs cooperation is on track to becoming more institutionalized. To meet Timor-Leste's aspiration to be self-sufficient in food supply, China readily conducted three phases of hybrid rice demonstration project to help local people solve their big problem. The Chinese company Huawei trained several thousand telecommunications professionals for Central and Southeast Asian countries, which was very well received locally.

I want to talk in particular about the importance to "connect the heart". Ancient Chinese used to say that for friends, what is precious is mutual understanding and, for mutual understanding, what is precious is knowing the heart. Some foreign sinologists believed that if one

uses his heart to understand the complexity and subtlety of the Chinese culture, he will feel closer to the Chinese people. The Confucius Institutes China opened with other countries, the culture centers China opened in other countries and foreign culture centers in China could all serve as an increasingly important platform for China to engage with the world.

"Connectivity of the heart" could be achieved through many ways:

First, increase people-to-people contacts. A lot of biases and misunderstandings do not stem from hatred but from estrangement and the lack of familiarity. As a Chinese saying goes, "To see something once is better than to hear about it a hundred times." Go to the field and talk to the locals, one often gets a fresh understanding. For neighboring countries in particular, it is necessary for both the leaders and the general public to have more interaction, as we believe friends and relatives will become closer when they visit each other more.

Second, promote cooperation in cultural, art, archeological, sport, health and other areas of people-to-people exchange and enhance exchanges at the local level and among media organizations, think tanks and

young people. Young people are the future of Asia and the world. We should encourage and help them interact more. The importance of it could never be over-stated.

Third, promote the study of foreign languages and step up student exchanges. Learning and mastering the languages of other countries helps increase understanding of each other's culture, form a rational approach to differences, and develop a sense of inclusiveness and amity toward other people and other countries.

Fourth, persist in our efforts and focus on cultural exchanges. The Silk Road was not built in a day. Likewise, cultural convergence and affinity between people takes a long process and cannot be achieved overnight. As long as we keep working at it with firm confidence, we will achieve the goal, just as drops of water will eventually wear a hole in the solid rock.

Ladies and Gentlemen,

The history of Asia has evolved in close relation with the rise and fall of the Silk Road. The collective renewal of Asia in the future will come alongside the revival of the Silk Road. The Belt and Road initiatives

will have an overall bearing on the big Asian family. We hope that countries concerned may discuss and work with China as these two initiatives are being implemented, which will bring benefit to all of us. Let us work together with real earnest for the ambitious goal of building the Silk Road economic belt and the 21st century maritime Silk Road.

Thank you.

# Reshaping the Competitive Advantages of Asia and the Emerging Economies

Speech By ZENG Peiyan

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At the session of “Reform: Reviving the Competitiveness of Asia & Emerging  
Markets” at the Boao Forum for Asia Annual Conference 2014

Boao, Hainan, P. R. of China

Good afternoon everyone!

The theme of the annual conference is to explore “Asia's New Future”. I would like to share with you some of my observations relating to this new future.

Seeking the sustainable development of the Asian economy has always been a theme of the Boao Forum for Asia, especially under the current circumstances where Asia and the emerging economies are witnessing

a slowdown of their growth.

Over the past decades, led by export, most countries and regions in Asia provided the world with low value-added products, including cheap labor, land, resources, energy and finite environmental capacity, thus making a contribution to world economic development and becoming in every sense the world's factory. At the take-off stage of the Asian economy, such was undoubtedly an effective pathway. However, judging from the Asian

Financial Crisis in 1997 and the global financial crisis in 2008, the export-driven economy of Asia is apparently a rather fragile model when it comes to the capacity to resist external risks.

At present, developed countries are instituting an economic rebalancing strategy whereby the repatriation of manufacturing, on which the strategy is predicated, has left a visible impact on the external demand of Asian economies. It is thus clear that the export-driven model will find it harder to sustain going forward, and that the Asian financial development is compelled to transition from the external demand dependency in the past into domestic demand expansion in the future. As regards its successes in such transitioning, Asia over the past decade has borne witness to one wave after another of development miracles, and turned itself into a major growing powerhouse of regional and world economy. Next to North America and Europe, Asia has become the third largest economic bloc in the world with approximately 20 trillion dollars of economic aggregate. Going forward Asia's robust development momentum is likely to continue. It is still going to be the most economically dynamic region in the world.

The level of development in Asia's developing countries is relatively low, with per capita GDP only 1/5 of that of the EU, and 1/8 of that of North America. As a lot needs to be done in terms of economic and social development, Asia's development potential is far greater than that of other regions. The strong complementarity between Asian economies promises big room for cooperation. Given the diverse ethnicities and cultures as well as the hard-working peoples of the region, it is all the more possible for Asia to become a more splendid

civilization.

Just as the political leaders pointed out at this morning's opening session, the 21st century is the Asian century. The US has put forward the “Pivot to Asia” strategy, and Europe is looking to the East. The entire world is casting its eyes on the oriental continent. This suggests that Asia is embracing an important window of opportunity for development. Countries in the region shall take advantage of such a rare opportunity, integrate the market and resources advantages of Asia, and translate them into supporting regional construction and development.

Asia is also facing many challenges and difficulties. For various reasons, Asian economies are not as closely associated as are North American and European economies. An effective synergy is yet to be found. Particularly when it comes to the long-standing disputes between some countries over history, religion, territory and maritime rights, failure to manage and control them would lead to tensions on regional security, and damages to the economic development, which has not come by easily. It is therefore necessary that we cherish and safeguard the hard-won peace and development. I believe it is time for Asia to wake up. The key to resolving the issues lies in self-improvement and cooperation. Countries in Asia shall enhance mutual trust, establish a sense of a community of shared destiny, embark on the path of economic integration, reach consensus to the maximum extent on development strategies, and jointly create a new miracle of Asia development through mutual respect and sincere cooperation.

So what is the pathway for Asia's economic transitioning? I believe that as it is still rather difficult

for countries and regions to effectively stimulate their respective domestic demand in the short run, joining forces in building a regional common market for resource complementarity and sharing domestic demand is a realistic option to support Asia's future economic transitioning and development.

To this end, Asian economies shall focus on creating the following three basic conditions.

First, a unified institutional arrangement for trade. Building a regional common market requires the elimination of all types of market barriers. Given the realities of the Asian region, we need to form a unified institutional arrangement for trade at an early date with a view toward promoting the regional, sub-regional and multilateral trade and investment liberalization process. The further liberalization of trade and investment will contribute to the development of the expansive endogenous market in the region, and, whilst effectively unleashing potential growth and expanding employment, catapult Asia from a producer of world merchandise to a double role of both a producer and a consumer, thus making it the world's third largest consumer market next to Europe and North America.

In fact, Asia has already taken solid steps along this direction. The ASEAN FTA, following more than a decade's development, has become mature day by day. The China-ASEAN FTA, since its inception, has resulted in an over 20% yearly growth of bilateral trade continuously. The more broad-based RCEP negotiations are proceeding smoothly and expected to conclude by 2015. Negotiations on the Northeastern Asian FTA have also been launched. The aforesaid multiple forms of FTAs provide a pragmatic and feasible institutional

framework for Asian countries as they deepen trade cooperation and build a large Asian consumer market. The mindset for the future is that we shall remove political obstacles and disruptions, speed up the negotiation processes, continue to forge consensus, and strive for more outcomes. Between different FTAs there shall also be balanced arrangements and linkages so as to pave the way for reaching the ultimate goal of building a common market in Asia.

Second, infrastructure connectivity. Accelerating the development of Asia's infrastructure network is a hardware condition for us to achieve connectivity and a single Asian market. Infrastructure development per se can create domestic demand and unleash enormous dividends. In our view, responding to the needs of rapid economic growth, Asian infrastructure development is burgeoning. In the coming one to two decades, Asia will maintain its huge appetite for infrastructure investment and financing in energy, transport, logistics and information, among other sectors. What's more, as regional trade grows, such needs will keep rising.

To realize infrastructure connectivity, it is imperative for the countries and regions to step up coordination in top-down design for deployment. The economies should hold their national efforts to draw up development programs and standards against the criteria of benefiting broader regional development and dovetail their projects with the infrastructure of other economies to avoid duplicate construction, connection failure and low efficiency due to lack of coordination. For this purpose, a coordination mechanism should be established.

Third, innovative financial cooperation. Asia

represents an anomaly, in that, on the one hand, many developing economies are short of development funds; on the other hand, some economies are piling their huge foreign exchange reserves into US and European treasury bond markets, which, as we all know, don't produce high yields. If channels could be built to bring together the supply and demand sides of funds, Asia's economic growth would receive a considerable boost.

Some explorations have been made in recent years. For example, China put forward the initiative for an Asian infrastructure investment bank to be established and funded multilaterally to make effective use of regional funds based on business models. The initiative is well received by relevant countries. Asia should make a good effort to develop bond markets so that regional funds can meet local financing needs without transit through other countries. In the meantime, private investment should be encouraged in infrastructure projects through public-private partnership. In brief, more similar arrangements are welcome to connect regional capital with regional development.

Apart from development financing, Asian economies should join hands to maintain the stability of regional financial markets. Asian nations can still vividly recall the havoc wreaked by international financial turmoil, which destabilized local currencies and caused the influx and exodus of international hot money. The economies should maintain regional financial stability and improve the ability to resist external risks by carrying out varied monetary and fiscal cooperation, including, among others, expanding currency swap deals, introducing direct convertibility, and increasing the use of regional currencies in trade settlement.

Ladies and Gentlemen,

Asia is embarking on a new historical development stage. As a member of the Asian community, China is committed to promoting friendship and partnership with its neighbors and fostering an amicable, secure and prosperous neighborhood. Enjoying a friendly relationship of mutual assistance with other countries of the region, China will be a maintainer of Asian peace, driver of Asian development and builder of Asian security. Relevant parties in Asia should implement existing agreements and consensuses, resolve disputes peacefully through friendly consultations and effectively manage differences to create a favorable environment for Asia's stable development.

We should carry out practical cooperation in multiple areas to advance Asian economic integration and achieve inclusive and win-win development, which is also the purpose the Boao Forum for Asia serves. We believe, through our joint efforts, Asia will not only overcome current difficulties and challenges, but also score another wave of economic takeoff.

Thank you.