



# **Boao Forum for Asia Annual Conference 2016**

## **Session Summary (No. 86)**

Boao Forum for Asia Institute

March 25, 2016

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### *Session 47*

#### **ASEAN-China Governors/Mayors Dialogue**

Local Governments' Role in International Production Capacity Cooperation

**Time:** 14:00-16:00, March 25, 2016

**Venue:** Dongyu Island Hotel, Hesheng Ballroom

**Moderator:** CHEN Wenling, China Center for International Economic Exchanges

**Panelists:**

Xie Yuan, vice president, Chinese people's Association for friendship with foreign countries

LIU Cigui, Governor of Hainan Province

Manay Cely Wong, governor of Catanduanes, Philipphines

Keophilavanh APHAYLATH, Vice Governor, Vientiane Capital

WANG Lixia, Vice Governor of Shanxi Province

SUN Xueling, Member of Parliament, Singapore



Yang Xiuping, Secretary General, China ASEAN Center

Gao Wenzhong, chairman, Vietnam Ben tre province people's committee

Zhao Haishan, Vice mayor of, Tianjin

Zhang Ying, state executive congressman, Penang Malaysia  
CHU Yonghong, Vice Mayor of Nanjing City

Kao SokAN, Kampong Cham Provincial Hall, Deputy Governor, Kampong Cham Province

DONG Xiaoli, Vice Mayor of Qingdao City

ChokdeeAMORNWAT, Vice Governor, Phuket Province

Song Hailiang Vice president of China Communications Construction Corp. Ltd.,; chairman Shanghai Zhenhua Heavyduty Shared Corp. Limited.,

Wu Weixiong, chairman of Rural Credit Union, Hainan Province

Jing Zhu, Chairman, Hippocampus Investment Co., Ltd.

### **Key Points:**

- Enterprise is the focus in international production capacity cooperation. The enthusiasm of enterprises is an important driver of cooperation between provinces and cities in ASEAN.
- Provinces and cities between China and ASEAN should strengthen their multi-channel cooperation.. First, they should strengthen the cooperation between governments of all countries and jointly build a new platform for sharing information on international production capacity cooperation;



second, they should strengthen the cooperation between local governments and explore and build a new mechanism for international production capacity cooperation; third, they should strengthen the cooperation between organizations and associations to remove obstacles in the new channel of international production capacity cooperation.

- Provinces and cities between China and ASEAN should strengthen their multi-area cooperation. First, cooperation in transportation infrastructure; second, cooperation in commerce; third, cooperation in agriculture; fourth, cooperation in tourism; fifth, cooperation in culture and people-to-people exchanges.
- Governors and mayors in China and ASEAN signed a Joint Statement, in which they promised to strengthen the international cooperation on production capacity, build a complementary and interconnected industrial system, and establish a chain-based division and cooperation pattern. Through this, they want to jointly respond to the gloomy world economy, and build a community of shared interest, destiny and responsibility between provinces and cities in China and ASEAN.

### **Synopsis:**

This is a big gathering of governors and mayors of China and ASEAN. Against the background of the gloomy economy worldwide, it is of particular significance that we discuss how provinces and cities in China and ASEAN can complement each other and cooperate for mutual benefits.



Participant reached consensus on many matters and signed the Joint Statement. The governors and mayors present promised to build a community of shared interest, destiny and responsibility between provinces and cities in China and ASEAN.

This meeting was hosted by Chinese People's Association for Friendship with Foreign Countries and the Foreign Affairs Office of the People's Government of Hainan Province. China-ASEAN Center is the supporting organization.

### **China and ASEAN Need to Strengthen**

#### **Multi-area and Multi-channel Cooperation**

China and ASEAN enjoy geographic proximity, close economic ties, and enormous cooperation potentials. LIU Cigui, Governor of Hainan province, said that Hainan province should strengthen its cooperation with neighboring countries, regions and provinces in the following five areas: first, transportation infrastructure; second, commerce; third, agriculture; fourth, tourism; and fifth, culture and people-to-people exchanges.

To increase the investment and cooperation with countries along the "One Belt and One Road", particularly ASEAN countries, WANG Lixia, the Vice Governor of Shaanxi province made three proposals: first, strengthen the cooperation between governments of all countries and jointly build a new platform for sharing information on international production capacity cooperation; second, strengthen the cooperation between local governments and explore and build a new mechanism for international production capacity cooperation; third, strengthen the cooperation between organizations and



associations to remove obstacles in the new channel of international production capacity cooperation.

YANG Xiuping, secretary-general of the China-ASEAN Center, said that the focus of cooperation and enthusiasm of enterprises is the impetus driving the cooperation between provinces and cities in ASEAN. She offered three pieces of advice: first, create a favorable investment environment by improving infrastructure and other hardware and paying equal attention to software components in the investment environment; second, provide more financial support and make full use of existing financial institutions and capital, such as the Asian Infrastructure Investment Bank, the Silk Road Fund and China-ASEAN Maritime Cooperation Fund, to reduce transaction cost; third, match enterprises in a more targeted way and provide a supporting platform, especially for small-and-medium-sized enterprises in international cooperation on production capacity.

### **Policy Environment and Capacity Advantages of Provinces and Cities in China and ASEAN**

Panelists expressed the view that strengthening capacity cooperation will lay a more solid economic foundation for building a closer community of shared destiny. They introduced the policy environment and capacity advantages of the province or city that they are in.

Manay Cely Wong, governor of Catanduanes, Philipphines, expressed the following view: Philipphines can provide goods while other countries can provide technologies and capital. Catanduanes, thanks to the efforts by the local government, has become the largest producer of Abaca fiber. With the



help of modern technologies, the production of musa textile became more advanced. These musa textiles are not processed. Hopefully, their value can be demonstrated via intensive and lean processing.

He added: if we want to increase production capacity, we must abandon manual approaches and turn to machines. The residues of musa textile after processing can be further processed and made into hollow bricks, paper or other kinds of materials. The development potential is infinite. But our technology is still in an infancy stage. We need to work with other countries.

Lastly, Manay Cely Wong noted that the relationship between us is mutually beneficial. We are all Asians with similar cultures and customs. We are strategic neighbors and we can be each other's perfect partners. The Philippines can provide other countries with goods and other countries can provide it with technologies and even capital. The return for investment is expanding the international market of the product.

Keophilavanh Aphailath, vice mayor of Vientiane, Laos, expressed his wish to strengthen exchanges and information sharing and boost production capacity cooperation with all the other countries present.

Keophilavanh Aphailath said he hoped that Laos could build on Vientiane's regional advantages to establish a platform to strengthen cooperation among all sides, and boost high-level exchanges in particular, and further international exchanges, especially those between ASEAN countries and China, including talent and capital flow.

Keophilavanh Aphailath expressed the following view: Vientiane has always highly valued strengthening production capacity cooperation, as well as the



cooperation between ASEAN and China in all aspects. Vientiane is ready to work on infrastructure projects. In the coming decade, Vientiane will continue to improve its government's capacity, strengthen technological cooperation and governance, including cooperation projects on socio-economic administration, and increase its capacity for information sharing and exchanges.

SUN Xueling, Member of Parliament, Singapore, expressed her wish of giving full play to Singapore's role as the hub of Asian infrastructure to promote international capacity cooperation.

SUN Xueling said that production capacity cooperation can strengthen the interconnectivity between ASEAN countries and China. Each ASEAN country has different value to offer and can play a different role. Singapore is an important infrastructure hub in Asia and it has a resilient ecological system that can play a role in financing and project implementation, especiallyly in the ASEAN market.

SUN Xueling said that Singapore is also exploring other possibilities, such as becoming one of the financing platforms for capacity cooperation with China to promote such cooperation between China and other countries. Singapore has attracted all kinds of infrastructure funds and project financing banks. These banks are very capable and can do a good job of evaluating risks related to regional projects.

Sun said that Singapore welcomes companies from other ASEAN countries and China to better support financial cooperation. These companies can set their departments responsible for project development and financing in Singapore to promote production capacity cooperation in the region.



Governors and mayors from China also briefed their counterparts from ASEAN about their local resource advantages and business environment.

WANG Lixia said that 15 advantageous industries and enterprises in Shaanxi province have started to participate in international production capacity cooperation, covering more than 50 countries and regions. What is worth noting is the deepening trade cooperation between Shaanxi province and ASEAN countries. Last year, the trade between Shaanxi and ASEAN increased by 6.4%. This is not easy, considering that the overall economy is slowing down.

WANG Lixia invited participants to go to Xi'an and attend the 20<sup>th</sup> Investment & Trade Forum for Cooperation between East and West China (ITFCEW) & The 2016 Silk Road International Exposition in May this year. Attendees can enjoy the impressive scenery of Shaanxi province and seek investment opportunities for growth.

## **Governors and Mayors from China and ASEAN**

### **Signed the Joint Statement**

After friendly and in-depth discussions, panelists reached many consensuses. The last item on the agenda is to sign the Joint Statement.

The joint Statement pointed out that we should increase airlines between China and ASEAN and realize direct flights between China and relevant regions in ASEAN as early as possible, and build a more convenient and fast China-ASEAN air corridor. The Statement also specified that we should build a convenient mechanism to simplify customs clearance and promote the connectivity of customs clearance, reloading and multi-modal transport





between countries. The Statement made it clear that we should innovate on the financial support model for international production capacity cooperation and negotiate on building a platform for sharing information on international production capacity between local governments.

The Joint Statement made a promise that provinces and cities in China and ASEAN should deal with the gloomy world economy via international cooperation on production capacity. They should take advantage of the One Belt and One Road strategy that aims at upgrading the China-ASEAN Free Trade Area, and accelerate production capacity between the two sides, deepen economic ties, promote common prosperity and build a community of shared interests, destiny and responsibilities between provinces and cities in China and ASEAN.

Chinese and ASEAN provinces and cities pledged to strengthen international cooperation on capacity to create a complementary and integrating industrial system and form a chain-based division and cooperation model. In the field of equipment manufacturing, light building materials, energy resources, infrastructure, high technology, trade and logistics, aerospace, new materials, biomedicine, new energy-powered vehicles, modern agriculture, marine industry and other industries, they will carry out extensive international cooperation on production capacity and explore new modes of cooperation. They will actively promote the construction of cross-regional industrial parks, encourage foreign enterprises to pursue cluster development, and strengthen exchanges and cooperation in the field of innovation.

China and ASEAN provinces and cities will build a long-term mechanism for international capacity cooperation. They will strengthen the multi-level and



multi-channel negotiations between two or among multiple parties; they will also build multilateral and bilateral dialogue platforms, and share with each other ideas and plans on international production capacity cooperation so as to form a joint work mechanism. They will study and make bilateral or multilateral plans on international production capacity cooperation, specify the key direction, means and tasks of cooperation, and draw the roadmap and timetable and create a batch of demonstration projects. The target is that by 2020 we can basically build a capacity cooperation mechanism featuring government driving, company leading and commercial operation.