



Boao Forum for Asia Bangkok Conference Session Summary (No. 2)

Boao Forum for Asia Institute

July 11, 2017

Session 2

Connecting Asia: Infrastructure and Supply Chain

Time: 11:45 a.m. – 1:00 p.m., July 11, 2017

Venue: Grand Ballroom 2 & 3, L Level, Shangri-La Wing, Shangri-La Hotel, Bangkok

Moderator: Victor FUNG, Honorary Chairman, Li & Fung Limited; Group, and Chairman, Fung Group

Panelists:

Chen NAMCHASIRI, Chairman, The Federation of Thai Industries

JIN Liqun, President, Asian Infrastructure Investment Bank

LEE Ark Boon, CEO, International Enterprise Singapore

Kanit SANGSUBHAN, Secretary General, Eastern Economic Corridor Office of the Kingdom of Thailand



WANG Yingjie, Executive Vice President, Silk Road Fund

Key points:

- Infrastructure construction provides an impetus for global economic growth
- Economies of all countries in the world are inter-related and no country should close it to international intercourse
- In infrastructure investment, enterprise investment should be far-sighted and future-oriented.
- For infrastructure products, which are special, we must do a good job in publicity.
- The Asian Infrastructure Investment Bank (AIIB) is not a Chinese bank. A clean and powerful government can attract more investment.
- The “Belt & Road” is a mode of development for “going global”, and the virtual connectivity of infrastructure is also very important.

Synopsis:

On the morning of July 11, 2017, the session on “Connecting Asia: Infrastructure and Supply Chain” of the Boao Forum for Asia Bangkok Conference was held. All panelists agree that infrastructure interconnectivity will vigorously promote national and regional economic growth. Interconnectivity involves not only the interconnection of roads but also the interconnection of personnel, technology, information and culture. Panelists



all praised the AIIB, and noted that that the “Belt & Road” Initiative provides an important opportunity for the development of all countries in Asia, and its mode of “going global” and interconnectivity is a new approach to globalization.

Infrastructure provides an impetus for global economic growth

JIN Liquan noted that infrastructure will drive global economic growth. Since the start of the AIIB in 2016, many developed countries have wished to join because they are aware of the importance of this idea.

Why does the world need the AIIB ? JIN Liquan noted in the session that first Asia does not have adequate funding for infrastructure, while infrastructure provides an impetus for regional development. Second, the AIIB strengthens the liquidity of deposits. All countries need to use bank reserves domestically and seek financial resources of other regions externally.

JIN Liquan also pointed out that many people now dislike globalization. I say that if you dislike or hate this word, you may call it by another term. But you will have to remain in the same place. World economy cannot be separated from China or the United States. Economies of all countries in the world are inter-related and no country can afford to be closed against international intercourse

Chen NAMCHASIRI pointed out that though infrastructure has different income, it can promote the connectivity and development of the whole regional economy. We must strengthen infrastructure construction. Related countries of the Mekong River Basin also include China, and the trade



volume has reached USD 60 billion. He noted that infrastructure construction will further improve the total trade volume. The timely emergence of the AIIB provides a fund source for infrastructure development.

How does investment support infrastructure construction?

Where does the fund for infrastructure investment come from? LEE Ark Boon pointed out that the early period of infrastructure construction requires a large amount of fund, while it may take ten or twenty years to get return. Therefore, we must have a bank to support or a multiparty bank to make related investment.

JIN Liqun pointed out that infrastructure is a social product, which is special in that it requires long-term and maintenance fund input. According to international principles, tax must be collected from people using such infrastructure. Therefore, we must do a good job in publicity about infrastructure to the people, and there must be tax expenditure on infrastructure.

Chen NAMCHASIRI noted that many enterprises are concerned with risks of infrastructure investment. For example, when Japan started to construct railways, many enterprises thought that the cost could not be recovered and refused to invest in railways. Now, Japan has become the countries with the most developed urban railway transit system in the world. In infrastructure investment, enterprise should be far-sighted and future-oriented.

Wang Yingjie noted that within about two and a half years after its establishment the Silk Road Fund mainly focuses on four areas, namely



infrastructure, energy resources, capacity cooperation and financial cooperation. Wang Yingjie also introduced that the Silk Road Foundation has invested in 16 projects in this period, and promised to contribute USD 7 billion, while the actual investment may be close to around USD 5 billion, mainly covering countries along the “Belt & Road”. It should be stressed that we are a medium and long-term investment fund focusing on equity investment.

“Belt & Road” Construction is not just about road interconnectivity

Kanit SANGSUBHAN noted that compared with other regions in the world, technological innovation develops very quickly in Asia, and there is still a very large space of development in the future. This presents an important opportunity and we should make good preparations for it. He also pointed out that digital economy accounts for a small part in Southeast Asia, at about 25%. ASEAN countries may learn from Internet and financial technology companies in China as well as high-tech enterprises in Japan and Germany.

Chen NAMCHASIRI pointed out that the “Belt & Road” is not just interconnectivity of roads, bridges and railways, but also a mode of “going global”, and an opening for enterprises, countries and regions to reach to the outside world.

In a digitalized age, not only is road connectivity very important, but the virtual connectivity of infrastructure is also very important. He also stressed the issue of common standards for digital connectivity.

LEE Ark Boon noted that in investment fields, we should focus on the risk



associated with enterprise investment in the next step. Infrastructure fund not only comes from developmental financial institutions and policy banks but also from private funds and enterprises. How should enterprises evaluate risks? I think this is a problem that merits close attention in the next step.

JIN Liqun also stressed that the AIIB is not a Chinese bank, but an international multilateral institution. To succeed, the AIIB must be depoliticized, including the removal of interferences from national banks and the Chinese government. He pointed out that a clean and powerful government is more attractive for investment.