



Boao Forum for Asia Bangkok Conference Session Summary (No. 3)

Boao Forum for Asia Institute

July 11, 2017

Session 3

ASEAN-China Free Trade Area: Trade, Investment & Financial Cooperation

Time: 2:45 p.m. to 4 p.m., July 11, 2017

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

Moderator:

XU Ningning, Executive President, China- ASEAN Business Council

Panelists:

- LEE Kim Yew, Founder and Chairman, Country Heights Holdings Berhad (CHHB)
- LI Ruogu, Former Chairman & CEO, Exim Bank of China
- Chartsiri SOPHONPANICH, President, Bangkok Bank Public Company



Limited; Chairman, Bangkok Bank (China) Company Limited

- Yasuyuki SAWADA, Chief Economist, Asian Development Bank

- ZHANG Xiaoqiang, Executive Deputy Director, China Center for

International Economic Exchanges (CCIEE)

Key points:

- China-ASEAN Free Trade Area differs greatly from North American Free Trade Area in population size, market size, tax policy, as well as import and export structure, and should adhere to its own development characteristics and deepen cooperation
- ASEAN can meet infrastructure demands through cooperation with financial institutions
- To achieve the goal that China-ASEAN bilateral trade volume reaches 1 trillion US dollars by 2020, we must change the non-sustainable business model, increase the cooperation flexibility and freedom and openness in mutual investment
- RMB or local currency investment will greatly facilitate the investment.
- ASEAN-China cooperation also needs to focus on SMEs, and the development of e-commerce



Synopsis:

At the “ASEAN-China Free Trade Area: Trade, Investment & Financial Cooperation” session held in Bangkok, Thailand on the morning of July 11, 2017, the guests pointed out that China-ASEAN Free Trade Area has developed by leaps and bounds in the recent decade. 2017 marks the 50th anniversary of the establishment of ASEAN, and China-ASEAN “10 +1” will see upgraded cooperation. In the future, we should further strengthen the openness and cooperation in trade, investment, and finance.

China-ASEAN Free Trade Area differs greatly from North American Free Trade Area

Yasuyuki SAWADA said that China-ASEAN Free Trade Area differs from North American Free Trade Area, in that the former has a market with the world’s largest population, and the market size, tax policy, and import and export structure vary greatly from country to country. Their internal environment and external environment are not the same. In order to further open up China-ASEAN Free Trade Area, it is necessary for both sides to conduct friendly consultations and exchanges in bilateral and multilateral fields.

LI Ruogu added that, while the U.S. President Trump hopes to conduct new negotiation on North American Free Trade Area, the level of cooperation has been strengthened in the China-ASEAN Free Trade Area . The main difference between the two lies in the concept of free trade.



Adhere to its development characteristics and deepen cooperation

ZHANG Xiaoqiang pointed out that many countries in the China-ASEAN Free Trade Area are developing countries, and encounter the middle income trap, with some even below the poverty line. In the future efforts shall be made to deepen cooperation. China-ASEAN Free Trade Area has its own characteristics, which are conducive to the future good cooperation between the two sides.

LI Ruogu said that to achieve the goal that China-ASEAN bilateral trade volume reaches 1 trillion US dollars by 2020, we must change the non-sustainable business model, increase the cooperation flexibility and freedom and openness in mutual investment. It is necessary to develop a slew of flexible rules promoting liberalization or conducive to mutual investment. Strengthening financial cooperation can also play a role in increasing trade and investment.

LI Ruogu pointed out that China boasts a wealth of private capital which remains idle, especially with regard to large-scale project investment. If China-ASEAN FTA is open to the extent that investment is made in RMB or local currency, it will greatly facilitate the cooperation between the two sides. As some other commerce and trade barriers are being removed, the Chinese investment in ASEAN will generate more results or growth.

Chartsiri SOPHONPANICH said that ASEAN countries still have huge demand for infrastructure. They can cooperate with such financial institutions as “AIIB” and “ADB” to achieve infrastructure connectivity. In the next 10



years, infrastructure connectivity will further promote the exchange between ASEAN and China, thereby promoting smooth regional integration in Asia.

Concern about the development of SMEs and e-commerce

LEE Kim Yew pointed out that China and ASEAN should also pay attention to SMEs and start-ups, in addition to large enterprises. They have a lot of ideas for business growth. If there is certain program software or process plan that can assist the development of SMEs, it will give a great boost to the growth of ASEAN countries and the trade growth between ASEAN and China. For example, we can build a stock market whereby SMEs can also raise funds, and use RMB as the main currency of trade. This will help address the financing problems faced by many SMEs.

LEE Kim Yew said that ASEAN countries are rich in agricultural products and boast excellent production, whereas China has huge demand for agricultural products. A new generation of young people in ASEAN can establish ties with China via e-commerce for communication. E-commerce should be an important issue in the bilateral trade between ASEAN and China.