

PROGRESS:

The ASEAN Master Plan on Connectivity to boost trade

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While ASEAN, in this 50th year since its founding, will use the summit to promote the bloc's achievements, the theme for ASEAN 2017 is Partnering for Change, Engaging the World.

Analysts expect China will stress its commitment to free trade and globalization, which are likely to be major discussion topics at the summits, especially the EAS. They also expect the reemergence of the China-backed Regional Comprehensive Economic Partnership agreement.

"On the international stage, I think you will find China will play a very cautious role, especially on those issues the US has been so vocal on, such as free trade and the Paris climate agreement," said Hans Hendrischke, professor of Chinese business and management at the University of Sydney Business School.

He said Xi's "new era" of Chinese development and economic growth is defined by the reform agenda he first laid out in 2012 at the 18th Party Congress.

Pushan Dutt, professor of economics and political science at INSEAD in Singapore, said: "We should also keep in mind that in this new world, with a rising China, and an inward-looking US, free trade agreements are no longer about trade per se. Rather, they are also about geopolitics."

"With the US canceling the Trans-Pacific Partnership, hinting that it may pull out of the South Korean free trade agreement, and even showing skepticism with the World Trade Organization, there is a leadership vacuum where others can step in."

Hendrischke said on international issues such as climate change, China will stay in line with the rest of the world, "but it will now pursue the (Belt and Road) policy with greater enthusiasm."

Under Xi's leadership, the last five years have seen such pan-Asian projects as the Asian Infrastructure Investment Bank (AIIB) and the Belt and Road Initiative come into being.

The Belt and Road Initiative is China's ambitious trillion-dollar infrastructure plan to improve transport and trade links across the ancient Silk Road routes that straddled Asia, Europe and Africa. Much of the project is now well advanced.

Companies like China Merchants Port Holdings and China COSCO Shipping Corporation have spent billions of dollars buying ports along the initiative's maritime route.

Chinese companies are building a major industrial zone in Duqm,

south of Muscat, in Oman.

In May, two Chinese companies signed a contract with Kazakhstan's national railway company to buy 49 percent of an inland dry port near the China-Kazakhstan border.

Under the deal, COSCO Shipping and Jiangsu Lianyungang Port Co will each hold 24.5 percent of the dry port located in the Khorgos-East Gate Special Economic Zone, according to a statement by COSCO Shipping.

The dry port — on the border of the two countries — is about 15 km from the Khorgos port in Northwest China's Xinjiang Uygur autonomous region. From the port, railway cargo can reach Lianyungang in East China's Jiangsu province in five days and reach Europe in about 10 days.

Railways, roads, logistics and other infrastructure are being built at breakneck speed.

The AIIB was a landmark development in Asian economic regionalism, said Jeffrey Wilson, research fellow at the Perth USAsia Centre, University of Western Australia.

Formally launched by Xi on Jan 17, 2016, the AIIB is arguably the most significant economic institution to be established in the region for more than a decade.

He said the AIIB's core mission is to help fill infrastructure gaps — the underdeveloped transport, energy and communication links which many say is holding back Asia's economic potential — by providing a new development bank that specializes in infrastructure.

According to the bank's website, as of Oct 31 it had \$3.49 billion in loans; approved 21 projects; and has 58 members, with another 22 prospective members.

With the foundations already in place, China can now move forward.

Professor James Laurenceson, deputy director of the Australia-China Relations Institute at the University of Technology Sydney, said China is now providing around 30-35 percent of world GDP growth.

"It is fair to say Xi intends for growth in China to remain robust. If that intention can be delivered, that's an enormous ongoing contribution to the global outlook," Laurenceson said.

In a recent commentary, Pauline Loong, managing director of Hong Kong-based research consultancy Asia-analytica, said the Belt and Road Initiative — with its promise of potentially hundreds of billions of investment dollars for the region — is a "hugely ambitious undertaking" targeting more than 30 percent of global trade and GDP.

The Silk Road Fund, a dedicated



President Xi Jinping speaks during a news conference at the Belt and Road Forum in Beijing on May 15. The Belt and Road Initiative holds potentially hundreds of billions of investment dollars for the region. AFP

10
days

Time for cargo from dry port at China-Kazakhstan border to reach Europe

30
percent

Belt and Road network's target of global trade and GDP

1,676
projects

State-owned enterprises' involvement in Belt and Road countries

lender for Belt and Road projects, was set up by China with a \$40 billion commitment at end-2014. The fund has already invested \$6 billion in 15 projects and has separately contributed \$2 billion to a China-Kazakhstan fund with similar goals.

Given ASEAN's economic and strategic importance to China, and its geographical proximity, the Southeast Asia region features strongly in China's plans for expanding overseas infrastructure financing.

Since ASEAN needs huge capital to realize its Master Plan on Connectivity, the Belt and Road Initiative, supported by the AIIB and the Silk Road Fund, will provide great ben-

efits to ASEAN, according to Suos Yara, vice-chairman of the Cambodian National Assembly's Foreign Affairs Commission.

Speaking at a recent symposium on the initiative in the Cambodia capital Phnom Penh, he said: "China has been playing a very active role in building and upgrading physical infrastructure in the region through many initiatives, especially the Belt and Road Initiative."

A recent report by the United Nations Conference on Trade and Development showed that ASEAN will need infrastructure investment of \$60 billion to \$146 billion each year until 2025.

China's policy banks are also for-

mally supporting the Belt and Road Initiative — with two lenders pledging \$55 billion in support of its deals, said Asia-analytica's Loong, who is also a senior fellow with the CIMB ASEAN Research Institute with a special focus on ASEAN-China relations.

She said China's State-owned enterprises (SOEs) are already actively involved in the initiative.

The chairman of the State-owned Assets Supervision and Administration Commission of the State Council, which oversees China's SOEs, disclosed in May that 47 central government-owned SOEs are involved in 1,676 projects in Belt and Road countries.