

Working for richer, brighter relations

Standing at a new juncture, China and Philippines are bound to build stronger mutual trust, deeper economic cooperation

Being separated by only a narrow strip of water, China and the Philippines have been close neighbors for centuries, sharing not only geographic proximity but also blood bonds, cultural affinity and a long and sincere traditional friendship. Time really flies and it has already



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been more than two years since President Rodrigo Duterte paid his first state visit to China in October 2016.

As an ancient Chinese poem goes, "At a spring night, the winds boom, which brings many trees of blossom to bloom." Under visionary guidance of our two leaders, China-Philippines relations have achieved an overall turnaround, secured a robust and dynamic growth, and surged forward along a fast track. The practical cooperation between our two countries has been garnering steady support from three pillars of political and security, economic relations and trade, and people-to-people exchanges.

A sustained and productive

China-Philippines relationship will definitely serve current and long-term interests of our two countries and peoples, and further contribute a great deal to regional peace, stability and prosperity.

First, over the past two years, our two countries have consistently strengthened high-level exchanges and deepened strategic mutual trust. Our two countries have attached great importance to sharing governance experiences between ruling parties, conducted dialogue under a series of bilateral cooperation mechanisms covering foreign affairs and defense, and executed closer coordination and mutual support on regional and international affairs.

Our two countries have held several meetings of the Bilateral Consultation Mechanism on the South China Sea and the Joint Coast Guard Committee on Maritime Cooperation, to enhance cooperation to mutual benefit in such areas as fishery, maritime affairs, joint search and rescue, marine scientific research and environmental protection. Our cooperation on combating illicit drugs, anti-terrorism campaign and military-to-military interaction have also generated gratifying results.

Second, over the past two years,

China and the Philippines have unleashed great potential for cooperation and reaped rich fruits. In 2017, our trade volume topped \$50 billion, and the newly added investment from China reached \$53.84 million, representing a year-on-year increase of 67 percent. China now stands out as the Philippines' top trading partner and import origin. And this August, China even became the top export market of the Philippines.

Our dialogue in the areas of economy, trade, agriculture, fishery, energy, science and technology has been quite productive. More than 40 cooperation documents have been signed so far. China attaches great importance to synergizing China's Belt and Road Initiative and the Philippines' Ambisyon Natin 2040 as well as "Build, Build, Build" Plan. The drug-rehab centers, two bridges over Pasig River, and the Chico River Pump Irrigation Project already broke ground. More major infrastructure projects such as New Centennial Water Source-Kaliwa Dam, Philippine National Railways South Long Haul, the Safe Philippines, and Chinese Industrial Park in the Philippines are expected to start in the near future.

Furthermore, China actively supports the economic and social devel-

opment in Mindanao. China is trying its utmost to render assistance to infrastructure building in Marawi and fund projects in Davao to benefit the local people. The Chinese side has used grants to help put on the ground such projects as roads, bridges, markets, drinking water pumping stations, and school buildings, always bearing in mind playing our due part in improving livelihoods, reducing poverty, assisting the needy and realizing sustainable development in the Philippines.

Third, over the past two years, China and the Philippines have witnessed booming exchanges and deepening amity between our two peoples.

China now stands out as the second-largest tourist origin to the Philippines. During the first three quarters in 2018, the Philippines has received more than 972,000 Chinese tourists, achieving a 34.9 percent year-on-year increase. We have every reason to expect more than 1.5 million Chinese tourists visiting the Philippines this year and generating a revenue of more than 32 billion pesos (\$611.5 million) in total.

The major Philippine cities and ports such as Manila and Cebu have opened direct flights to Beijing, Shanghai, Guangzhou and

Nanning, as well as sailing routes to Beibu Gulf ports, Xiamen port and Shanghai port.

We have also seen thriving interaction, exchanges and cooperation between China and the Philippines in terms of sisterhood provinces and cities, science and technology, education, culture and arts, media agencies, think tanks and youth affairs. The hearts and minds of our two peoples are interlinked more closely than ever before and the centuries-old friendship between our two countries is blessed with greater dynamism.

"Thousands of miles away, time will come to achieve our goal anyway." Standing at a new and crucial historical juncture, China and the Philippines are bound to build stronger strategic mutual trust, perform deeper economic cooperation and trade, and nurture closer people-to-people exchanges.

Proceeding from the principles of honoring traditional friendship, upholding peace and goodwill and advancing win-win cooperation, our two sides should by all means work together to make the Golden Age of China-Philippines relations richer and brighter than ever before.

The author is Chinese ambassador to the Philippines.

Ensure growth by releasing demand

By opening up service sectors and promoting free trade, China can maintain economic stability in the long run

By **CHI FULIN**

China's drive toward high-quality development is facing new problems and challenges, including drastic changes in the internal and external environment.

Looking back over the past 40 years of reform and opening-up therefore is not to revel in past achievements, but rather to explore how to make breakthroughs in reform and opening-up in the new stage. In this way, we will gain initiatives for international competitive cooperation and for domestic stability and development.

Since China is now entering the postindustrial period, the key to upgrading its manufacturing

sector lies in improving the macro-environment for the real economy's development.

To this end, the government should strengthen the legal guarantee, especially for property rights, for the private economy, the backbone of manufacturing upgrading.

As for the mid- to high-end manufacturing, the innovation factors should be fully invigorated, including high-tech applications and incentive mechanism innovation.

China is also entering a new consumption era. To release the huge potential of domestic demand and facilitate deeper supply-side structural reform, the government should further open up the service sectors.

In view of the rapid growth of service consumption, urban and rural

residents' cumulative consumption demand is estimated to increase from 37 trillion yuan (\$5.3 trillion) in 2017 to 50 trillion yuan by 2020.

To meet this market demand, the government has to break up administrative monopoly and market monopoly in the service sector and open the door to all social capital. It should also open up the public service sectors to the market and introduce competition, while still providing the most basic services.

The period from 2020 to 2035 will be critical to the march from the middle-to-upper-income stage to the high-income stage, when the proportion of the middle-income group is projected to rise from the current 30 percent to 50 percent or even higher.

And given the new changes in

globalization, China should promote all-round opening-up, with free trade as the core. The most important thing is to establish institutional and policy systems that are conducive to expanding imports.

For example, consumer goods account for less than 10 percent of the total imports. If their share increased to 20 percent, it would expedite domestic consumption structural upgrading, and create a market of about \$400 billion for other countries.

Besides, financial cooperation, along with other service sectors such as education, healthcare, tourism, culture and exhibition, should be promoted within the framework of the Belt and Road Initiative.

Free trade zones, too, need

upgrading and transformation.

China's reform and opening-up have reached a new historical juncture. Amid domestic economic transformation and profound changes in the external environment, deepening reform requires emancipation of minds, real action and higher efficiency. Releasing the huge potential of the demand of more than 1.3 billion people will ensure stable economic growth in next 10 years or longer, while bringing more benefits to the whole world.

The author is president of China Institute for Reform and Development. He contributed this article to China Watch Institute, a new think tank platform powered by China Daily.