

Xi's Manila trip and BRI plans can take centuries-old China-Philippines relationship to new heights, forum hears

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China and the Philippines only established diplomatic relations in 1975, but trade ties between the two countries can be traced back to as early as the 10th century.

It is this centuries-old trade relationship, forged through the ancient maritime Silk Road, which will continue to strengthen bilateral ties in the coming years, according to analysts and senior officials who attended the China-Philippines Business Forum held in Manila.

Focusing on the theme Taking the China-Philippines Relations to New Heights, the forum on Nov 26 was organized by *China Daily* and sponsored by Bank of China. More than 300 senior representatives from the Philippine and Chinese governments, business, academic and media sectors attended the event at the Grand Hyatt Manila.

Participants discussed how Chinese investment and infrastructure financing in the Philippines and the 29 cooperation agreements signed during Chinese President Xi Jinping's Nov 20-21 state visit to Manila have deepened bilateral relations.

"Economic cooperation is a win-win choice for us and should be the bedrock of our relations," said Tan Qingsheng, charge d'affaires at the Chinese embassy in the Philippines.

In his keynote speech, Tan said the Philippines and China have had a "history of friendly exchanges for more than a thousand years". Such ties continue to this day, with Tan noting that China extends both financial and technical support to help the archipelago promote economic growth and social development.

He cited the China-funded projects that are part of the Build, Build, Build program — Philippine President Rodrigo Duterte's flagship infrastructure development initiative.

The massive program aims to transform the Philippines into an upper-middle-income economy by 2022. It needs 3.6 trillion pesos (\$69 billion) to upgrade the country's infrastructure over the next three years.

Tan said China-funded projects that are part of the Build, Build, Build program "are proposed by the Philippine side and are economically viable and positive for the Philippine economy".

Philippine Finance Undersecretary Mark Dennis Y.C. Joven said Philippine-China relations have been "experiencing a golden age" in recent years.



Zhou Li (sixth from left), editorial board member of the China Daily Group and publisher and editor-in-chief of China Daily Asia Pacific, poses with some of the panelists at the China-Philippines Business Forum in Manila on Nov 26. PROVIDED TO CHINA DAILY ASIA WEEKLY

'A golden age for ties'



The China-Philippines Business Forum drew senior representatives from the Philippine and Chinese governments, business, academic and media sectors.

ZHOU LI / CHINA DAILY ASIA WEEKLY

He said China is now the Philippines' biggest trading partner and one of the biggest sources of investment and tourists. He noted that in the first quarter of 2018, foreign direct investment from China surged by over 500 percent compared with the previous year.

Indeed, official data show how China has recently emerged as a key trading partner and tourism market for the Philippines.

According to the latest report issued by the Philippine Statistics Authority, China has surpassed Japan to become the Philippines' biggest trading partner.

In the first half of this year, trade between the two countries reached \$14.08 billion. The Philippines exported \$4.09 billion worth of goods to China, while payment for imports was valued at \$9.99 billion.

And data from the Philippine Department of Tourism showed that China, as a source of tourists for the Philippines, is second only to South Korea. From January to September,

Chinese visitor arrivals surged by 18.14 percent to 972,550 visitors.

John Gong, economics professor at the Beijing-based University of International Business and Economics, said increased Chinese investments in the Philippines "seek mutual benefits for mutual interests".

"China-Philippine economic relations will present many opportunities, wealth, and will (create) a great future for our nations," he said.

Zhou Li, editorial board member of the China Daily Group and publisher and editor-in-chief of China Daily Asia Pacific, said there is a need to "reaffirm the economic commitments" between China and the Philippines.

Deng Jun, country head for Bank of China's Manila branch, said the two countries have also deepened their financial cooperation in recent years.

Deng said the bank has committed to extend a \$3 billion credit line from 2016 to 2022 to finance Philippine infrastructure and trade. He said

three of the 29 agreements signed during Xi's state visit will enhance the financial cooperation between the two countries.

These three documents are the Memorandum of Understanding on Renminbi Clearing Arrangement between the central banks of the two countries, the MOU on Panda Bonds Issuance between the Philippine Department of Finance and Bank of China, and Letter of No Objection to the Organization of the Renminbi-Philippine Peso Foreign Exchange Trading Market granted by the central bank of the Philippines to the Philippine RMB Trading Community.

Deng said the yuan-peso direct trading platform will benefit Chinese and Filipino investors, entrepreneurs and tourists. This will expand business opportunities in both countries as they no longer have to convert their respective currencies to the US dollar in order to seal financial transactions.

"It will save friction cost, reduce the foreign exchange exposure risks, and promote the economic cooperation of both countries," he said.

Deng added that Bank of China served as underwriter for Philippine bonds to help the Duterte administration raise funds for its infrastructure program. "We were the lead underwriter of the successful issuance of the 'panda bond' last March and we received several international awards," he said.

In March, the Philippines issued 1.46 billion yuan (\$210 million) in three-year yuan-denominated bonds, or panda bonds.

Participants in the China-Philippines Business Forum noted that the Philippines and other Southeast Asian countries have key roles to

play in the Belt and Road Initiative.

Federico M. Macaranas, adjunct professor at the Asian Institute of Management, cited Chinese Premier Li Keqiang's view that the 21st Century Maritime Silk Road — the sea-based trade component of the BRI — is primarily oriented toward the Southeast Asian region.

Macaranas said the Philippines' interest in the BRI needs to be viewed from the perspective of "comprehensive and strategic cooperation" that was strengthened by Xi's state visit.

He noted that the dispute over the South China Sea once strained China-Philippines relations, but "the economic and social underpinnings of China-Philippines relations must not be determined by a single, albeit very important, issue".

"Other dimensions are needed to ensure 21st century peace, prosperity and sustainable development," he added.

Tan of the Chinese embassy said the Philippines "is a natural partner" in the BRI, adding that a key document signed during Xi's state visit to Manila was the MOU on Cooperation on the BRI.

The MOU formalizes the Philippines' participation in the BRI, and the two countries also agreed to cooperate in developing the other economies that are part of the initiative.

Tan said the MOU signing and Xi's invitation to Duterte to attend the second Belt and Road Forum for International Cooperation in April 2019 will lift Philippine-China relations to a new level.

Deng of Bank of China said the bank has actively participated in the BRI and encouraged other banks to invest in the Maritime Silk Road.