

China-ASEAN connectivity deepens

Manila forum examines region's strengthening ties in business opportunities, innovation and infrastructure construction

By PAMELA LIN in Manila
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Increased connectivity and close cooperation on infrastructure and business opportunities are strengthening ties between China and the Association of Southeast Asian Nations (ASEAN), said experts at the China-Philippines Business Forum held in Manila on Nov 26.

The forum at the Grand Hyatt Manila was a China Daily Asia Leadership Roundtable event and had the theme Taking the China-Philippines Relations to New Heights. It featured heavyweight speakers and welcomed over 300 delegates.

This year, 2018, is the China-ASEAN Year of Innovation. China's Premier Li Keqiang, in his recent remarks in Singapore (Nov 14) at the 21st China-ASEAN Summit, said "the two sides will release a joint statement on ASEAN-China science, technology and innovation cooperation, explore new mechanisms for this cooperation, work together to establish science parks, and deepen the implementation of the China-ASEAN Science and Technology Partnership Program."

In 2009, China announced it was setting up a \$10 billion fund to support the region's infrastructure construction. "The cornerstone of



From left: Federico M. Macaranas, adjunct professor at the Asian Institute of Management; Patrick Ip, managing director of the China-ASEAN Investment Cooperation Fund; Deng Jun, country head for Bank of China's Manila branch; John Gong, economics professor at the Beijing-based University of International Business and Economics; and Nicholas Kwan, director of research at the Hong Kong Trade Development Council, share their insights at a panel discussion.

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that is China wants to promote connectivity, cooperation with the 10-member ASEAN association," Patrick Ip, managing director of the China-ASEAN Investment Cooperation Fund (CAF), said at the forum in Manila.

During the panel discussion, Ip shared CAF's investment philosophy, which focuses on companies' long-term growth and investing in a harmonious way to ensure a win-win situation for all stakeholders.

"We like to invest in the core competence of the companies, invest into products, into new services, help the



Tan Qingsheng, deputy chief of mission and minister counsellor at China's embassy in the Philippines.

company to make inorganic acquisitions," Ip said.

He said CAF looks highly on digital infrastructure as one of the future drivers of the economy. "ASEAN has a very young demographic with a high level of consumption. With the influence from China, the digital infrastructure will boom," he said.

As a pure business-to-business fund, CAF makes investment on a commercial basis to companies with strong commercial viabilities. According to Ip, since 2010, CAF has made over 10 investments into almost all ASEAN countries. He not-

ed that CAF's maiden investment was in the Philippines in 2010 when the country itself wanted to modernize its shipping industry as well as upgrade its logistics industry.

According to Tan Qingsheng, deputy chief of mission and minister counsellor at China's embassy in the Philippines, China has signed the Memorandum of Understanding (MOU) on the Belt and Road Initiative with all ASEAN members.

"With the signing of the MOU, we will be able to inject fresh vitality to the bilateral relations and lift our economic and trade cooperation to a new level," Tan said at the forum. He highlighted that during President Xi Jinping's Nov 20-21 state visit to the Philippines, the countries' two leaders decided to upgrade ties to comprehensive strategic cooperation.

Nicholas Kwan, director of research at the Hong Kong Trade Development Council, also joined the panel discussion and shared his view on Hong Kong's role on the 21st Century Maritime Silk Road.

Kwan said that except for the world's key capitals, Hong Kong is the city with the largest number of consulates. "We are in a unique position to pull governments and businesses together. And we are here trying to team up all of our connections to make these globalization efforts broader and deeper," he said.

Digital ties show the way, speed transformation

By PAMELA LIN

Technological cooperation between China and the Philippines has further strengthened their ties and accelerated the two countries' digital transformation, said technology industry professionals at the China-Philippines Business Forum held in Manila on Nov 26.

During a panel discussion themed "How business can transform in the digital era", Anthony Thomas, president and CEO of Mynt, and Jubert Daniel Alberto, country head of operations of Italtinas Development Corporation (IDC) Philippines, shared their insights on the prospects and challenges arising from the trends of digital innovation and transformation.

Part-owned by Ant Financial — the fintech giant known as Alipay — the Philippine mobile payment operator Mynt started out as a mobile phone top-up service and has since expanded into remittances, loans, and business solutions and platforms.

"We look at digital transformation

as something that really solves the problem," Thomas said. He sees the partnership with Alipay since February last year as a strategic move for the company, bringing value to both sides.

"Alipay brought more elements to the platform and also the capital. (As a payment service) is a very low margin business, if you really want to (take) it to the millions of public, you have to make it more affordable first," Thomas said. "Beyond that, Alipay as a world-leading digital platform providing financial services also provides expertise on customer experience and risk management to Mynt which allows the investment we are making to go further," he told *China Daily*.

Chinese visitors, the second-largest source of foreign tourists in the Philippines, enjoy more convenience with the partnership between Mynt and Alipay, which enables cross-border payments through Mynt's GCash platform.

"Tourists just need to scan a common GCash or Alipay QR code to pay

from their Alipay wallet in the country," Thomas explained. "We also launched a remittance flow between Alipay HK wallet and GCash which adopts blockchain technology," he added.

Meanwhile, China's Tencent in October was part of a \$175 million investment in Philippine technology company Voyager Innovations. Thomas said he is excited to see several fintech giants tapping the Philippine market. "More capital coming in will help the business growth," he said.

Two out of three Filipinos do not have access to a bank account. This is because the country is spread over 7,000 islands and around one-third of the districts do not have physical bank branches. "So the other side of it is that the mobile phone is ubiquitous, everyone has one," Thomas said.

Mynt aims to bring digital financial services to the public not just for convenience but also for variety. "When we define our own business, we work with lots of other business-

es who are also looking into transformation. And we embed digital transformation into their business, which ultimately benefits the customers and us," Thomas said.

As to concerns sometimes raised over digital payment platforms, Thomas said the transparency and constant flow of data can actually enhance security against losses from fraud. Indeed, part of Alipay's investment is being used to strengthen security.

"We have the expertise from China," he said. Moreover, with Alipay there is "more data flowing in the digital world, (which) can be captured and which leads to better detection and monitoring for potential fraud".

Traditional brick-and-mortar banks in the Philippines are also seen partnering with digital financial services providers such as Mynt's GCash. "We are not competing with the banks but cooperating with them, providing them with access to the platform," Thomas said.

However, both Thomas and IDC's Alberto admitted it will still take some time for Filipinos to fully embrace the digital era.

According to Alberto, in 2017 less than 3 percent of the Philippines' GDP was derived from digital products and services. "It's already there with little digital products and services, but not that much," he said.

However, as of 2018, three out of five organizations in the Philippines have already looked into embracing digital transformation. And Alberto sees this making a very significant contribution to the country's GDP by 2021.

Alberto believes the cooperation in digital services and technology between China and the Philippines holds great promise for the future. "The technologies that come from China can help the Philippines to have more options and alternatives," he said.

"It's obvious that the technology from China benefits us, aiding local (small and medium enterprises) in the longer run."