

Remarks on  
" **Strategic Perspectives on the One Belt One Road and ASEAN:  
Achievements, Challenges, Opportunities And Future Direction**  
by Dr. Sok Siphana  
Managing Partner,  
**SokSiphana&associates/a member of ZICOlaw**  
at the Third International Forum on the Belt and Road Initiative  
International Academy of the Belt and Road,  
12 June 2016, Hong Kong

*Dr. Alan Lee,  
Ambassador Supperamaniam,  
Distinguished speakers, Ladies and Gentlemen,*

1. First of all, it is an honor for me to be part for the first time in the Third International Forum on the Belt and Road Initiative in this thriving city of Hong Kong. I would like to take this opportunity to express my thanks to the conference organizer, the International Academy of the Belt and Road, for the warm hospitality and excellent arrangements extended to me. Allow me to share some of my perspectives on the strategic relations between the One Belt One Road Initiative and the Association of Southeast Asian Nations (ASEAN).

*Ladies and Gentlemen,*

2. Let me, at the outset, start with the achievements accomplished under the strategic partnership between ASEAN and China. As you all are aware the 10 Southeast Asian countries are now integrated into an ASEAN Community with a combined population of approximately 625 million and a GDP of some 2.5 trillion US Dollars. Its economy is growing at a healthy pace, foreign investment continues to flow in, and trade is on a steady rise. ASEAN is expected to enjoy a healthy growth rate of 5.3% this year.

3. From the extensive media coverage over the years, through the issuance and adoption of numerous high level joint declarations, statements, agreements there is no doubt that ASEAN and China have demonstrated strong intent, coupled with concrete actions, to build and further reinforce their strategic partnership. Over the years, this strategic partnership has recorded numerous important achievements in all areas of cooperation.

4. In the *political-security area*, both sides have undertaken close policy coordination on regional and international issues of common concern and in such regional and international forums as the ASEAN+3, EAS, ARF, ADMM+, etc.

5. In the *economic area*, both sides have focused their energy on accelerating economic, trade and investment cooperation as well as enhancing

connectivity, a topic that I will expand more in depth later. They have worked diligently in fully implementing their respective commitments under the ASEAN-China Free Trade Area (ACFTA) framework to achieve an impressive 480 Billion US Dollars trade exchanges with China being ASEAN's largest trading partner in 2014. China mutual investment has reached 127 Billion US Dollars also in 2014. China and ASEAN are looking to achieving a two-way investment goal of 150 Billion US dollars by 2020. Both sides are now working toward upgrading the ASEAN-China FTA in order to spur additional trade growth. They are intensifying the negotiation process of the Regional Comprehensive Economic Partnership (RCEP) in the hope to conclude it this year, all the while working in parallel to complete as well the ASEAN-Hong Kong FTA.

6. ASEAN and China have encouraged greater participation of the private sector to increase more business, tourism, people and cultural exchanges. Concretely, the China-ASEAN Expo in Nanning, the China-South Asia Expo in Kunming, the ASEAN-China Centre in Beijing, the China-ASEAN Business Summits, the ASEAN Economic Ministers' Roadshow, just to name the main ones, have drawn great interest from both business communities to promote their products and to develop commercial partnerships. Taken as a whole, these regular activities play an important role in strengthening trade and investment ties, as well as accelerating economic exchanges between ASEAN and China.

7. It is interesting to note that 2016 marks the 25<sup>th</sup> Anniversary of ASEAN-China Dialogue Relations. Both sides have coordinated their efforts to boost their economic, trade and investment cooperation as well as enhancing connectivity, particularly in infrastructure development and transport.

8. In the *socio-cultural area*, ASEAN and China have promoted cooperation in social, cultural, education, tourism and people-to-people contacts, including exchanges between youth, academics, media organizations and non-governmental organizations, with the aim of enhancing mutual understanding and awareness among the peoples. Moreover, they have collaborated to coordinate their responses against global and regional challenges such as natural disaster management responses through the exchange of information, early warning, and experience sharing on disaster rescue and relief.

9. In sum, the ASEAN-China strategic partnership is one of the most dynamic and comprehensive one when it comes to the overall external relations of ASEAN with their development partners.

*Ladies and Gentlemen,*

10. All these recent economic achievements in Southeast Asian countries can be attributed, to some extent, by the bold and visionary "One Belt, One Road (OBOR)" initiative of His Excellency Xi Jinping. This initiative, which he introduced in late 2013, has the vision to create a vast network of highways, railways, air links and sea lanes to bring greater connectivity amongst a large number of countries, more trade exchanges, deeper financial integration and stronger people-to-people relations.

11. I believe that there are a lot of commonalities between the OBOR and ASEAN. China's economic growth is gradually slowing as the structural transformation of its economy continues. The country is moving from an export-oriented growth toward a new economic model based on consumption and outward investment. Following the 2008 global financial crisis, the drivers of economic growth continued to shift from manufacturing to services on the supply side, and from investment to consumption on the demand side.

12. On the ASEAN side, the vision for the ASEAN Economic Community (AEC), when it was adopted at the 13th ASEAN Summit in 2007 in Singapore, was set in the backdrop of a dynamic yet threatening global economic landscape. Across some ASEAN economies there were only a few production networks in key industries, like electronics, automobile, and textiles. The fear of China becoming the "*factory of Asia*" with its accession into the World Trade Organisation (WTO) in 2001 accentuated the situation. For the 5 Mekong countries (Cambodia, Lao PDR, Myanmar, Thailand and Vietnam), they have achieved rapid growth and are in the process of accelerating their industrialization and urbanization, deepening industrial restructuring and enhancing infrastructure connectivity. All of them, however, face challenges in infrastructure construction, industrial structure upgrading and sustainable economic and social development.

13. China has placed great emphasis on neighborhood diplomacy, and has extended their investments and official development assistance (ODA) to support development projects in ASEAN countries. From this perspective, the convergence of interests between ASEAN and China is very clear.

*Ladies and Gentlemen,*

14. In term of vision there are strong similarities between OBOR and ASEAN. OBOR aims at promoting the connectivity within the Asian continent and with Europe, enhancing friendship and coordinating the development strategies and policies of countries along the Belt and Road. More specifically, it seeks to promote investment, create opportunities and jobs, and strengthen cultural exchanges and mutual learning between different civilizations. OBOR's cooperation priorities encompass: policy coordination; connectivity; unimpeded trade; financial cooperation; and people-to-people exchanges.

15. Similarly for ASEAN, the Nay Pyi Taw Declaration on ASEAN Community's Post-2015 Vision, which was adopted by ASEAN Leaders at the 25th ASEAN Summit in November 2014, endorsed the deepening of ASEAN integration, promotion of sustained and equitable economic growth, and promotion of ASEAN as a rules-based community. The ASEAN Masterplan on Connectivity (MPAC), hailed as an ambitious undertaking in linking the mainland and maritime Southeast Asia, envisages transport connectivity as a way to bring ASEAN member states closer to one another, facilitating better access for trade, investment, tourism and people-to-people exchanges.

16. Both MPAC and OBOR call for a system of roads and railways to link

contiguous Southeast Asian countries with one another. For instance, the convergence of the 7,000 km-Singapore-Kunming Rail Link (SKRL) with ASEAN's railway connectivity plans is starting to take shape with the recent deal between Thailand and China to construct the Thai section of the route. On the maritime side there are reference to a system of ports for RoRo (roll-on roll-off) vessels and short sea shipping to link insular Southeast Asian countries with one another as well as with mainland Southeast Asia.

*Ladies and Gentlemen,*

17. In my view, OBOR would complement nicely MPAC, in term of providing them with various sources of financing. Throughout the years, many formulas were proposed to attract investment such as the Public Private Partnership (PPP) as an emerging mode for attracting private sector investment in public infrastructure projects. Still, several years after the implementation of MPAC, very few potential investors have taking up projects identified by the masterplan.

18. In this context, the 100 Billion dollars Asian Infrastructure Investment Bank (AIIB), which has started its operation this year, will surely respond to the needs and expectations for the joint development of China and ASEAN. Given Asia's huge infrastructure funding needs, the role of the OBOR together with their financing arm, the AIIB and the 40 Billion dollars Silk Road Fund (SRF), as well as Chinese ODA, will be crucial in providing additional resources for infrastructure investments.

19. Another dynamic element in the symbiotic relations between OBOR and ASEAN is the role of their private sector. In recent years, we have witnessed an impressive contribution of Chinese companies in investments in ASEAN's infrastructure sector, such as port terminals in Singapore and Malaysia, hydro power and power plants in Cambodia, high-speed train and railroad in Lao PDR, to name just a few.

*Ladies and Gentlemen,*

20. Another unique characteristics of OBOR is its scale and scope as it can be custom-made to a specific region and nation. Take the case of the Mekong-Lancang Cooperation Framework, recently launched in March 2016 in Sanya, Hainan Island, which was targeted at the 5 Mekong countries of ASEAN. This mechanism will no doubt contribute to further stimulate deeper cooperation in many fields of development, between the Mekong Countries and China. Moreover the mechanism will promote the production capacity cooperation to improve the industrial development ability of all the 5 countries by making full use of their resource advantage, manufacturing capacity and market size.

21. The Mekong-Lancang Cooperation Framework will inject additional opportunities for international production capacity cooperation as well as optimize regional productivity distribution, enhance the countries' standing in the global value chain and improve their ability for sustainable development. China and the 5

Mekong countries have agreed to prioritize major production capacity projects in the areas of coal, electric power, power grid, automobile, oil, petrochemical, metallurgy, building materials, light industry, textile, information, communications, rail transport, equipment manufacturing, renewable energy, agriculture and agricultural processing.

*Ladies and Gentlemen,*

22. At the country specific level, China's growth and prosperity has also benefited in many ways my country, Cambodia. I am pleased to share with you that Cambodia-China relations have flourished steadily from year on year. Concurrently with its economic rise, China's cooperation with Cambodia was elevated to the level of a "Comprehensive Strategic Partnership Cooperation".

23. In term of investment, China ranked 1<sup>st</sup> as foreign investor for the last 4 years. Since 2011, China has invested more than 4.3 Billion US Dollars in the area of agriculture, energy, industry, and tourism. In hydropower, China has invested up to date more than 2.3 billion US Dollars.

24. These investments notwithstanding, Cambodia has huge needs for major infrastructure projects to support the development of its industrial and productive capacity. The Royal Government has launched last year its new Industrial Development Policy and has designated the coastal province of Sihanoukville to be a region-wide special industrial zone by 2018. More than this, Sihanoukville has huge potential as a Chinese tourism destination, similar to Hainan Island. There is strong consideration to build a new airport in Sihanoukville and new deep seaports to connect Cambodia in the regional supply chain. These new infrastructure, while accommodating the million plus annual Chinese tourist arrivals, would significantly accelerate the development of the province. The prospects for financing these infrastructure would likely be coming from the major Chinese commercial banks, along with the OBOR's financing mechanisms such as the Silk Road Fund and the AIIB.

*Ladies and Gentlemen,*

25. If proximity matters, then one can appreciate the importance of ASEAN to China, and vice versa. Geographic proximity makes ASEAN, especially the continental Mekong states closest to China's borders, more demographically and politically linked to China. OBOR functioning as a multi-dimensional framework can further connects beyond the geographical element. In my view, I believe that the OBOR will provide the necessary means to further support the economic transformation of its neighboring Southeast Asian economies to achieve their ambitious development objectives.

26. Before I wrap up my remarks, I would like to stress one more element that I believe is the common bond between OBOR and ASEAN: **that is the people-to-people connectivity**. As stronger economic and trade ties are developed between the people of China and ASEAN, closer people-to-people relations and cultural

interactions will be forged to enhance mutual trust and long-term friendship which are beneficial for the overall regional peace and stability of the region.

Thank you.