

FIATA World Congress

Date: Thursday, 5 October 2017

Time: 14.15 – 16.00 Regional Meetings – Asia Pacific (RAP)

Venue: Conference Hall 2, Kuala Lumpur Convention
Centre

Proposed Topic: China's Belt and Road Initiative. How have ASEAN member States embraced this initiative? What are the challenges and benefits that avail from BRI? How has Malaysia responded to BRI?

Moderator: **Mr Stanley Lim** (SLA, Singapore), FIATA Past President and Chairman Congress Committee

Ladies and Gentlemen,

In 2013, Chinese President Xi Jinping announced the One Belt One Road (OBOR) Initiative. It is about the Silk Road Economic Belt Network across China through Central Asia, Eastern Europe and the Coastal Europe. And the 21st Century Maritime Silk Road (MSR) through the South Sea across the Straits of Melaka to the West and beyond. It brought about great excitement to the international community. Every country scrambled to understand, learn and explore opportunities offered under the OBOR initiative.

Aimed at bringing about transformation to the economic landscapes of more than 65 nations across the Belt and Road. Since 2013, this initiative has built friendship amongst countries along the Belt and Road Initiative (BRI) with China. Bringing about political mutual trust, stability and prosperity across the region.

Based on the principle of mutual benefit, mutual respect, and the objectives of “promoting policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bond.”

The Asia Infrastructure Investment Bank (AIIB) was formed to fund the implementation of the infrastructure projects under the BRI. AIIB has attracted participation of some 77 countries from around the world. An enabler to the implementation and funding of projects under the BRI.

The maritime component of the initiative, the 21st Century Maritime Silk Road, focuses on connecting the Asia-Pacific economic circle in the east and the European economic circle in the west by building a network of port cities along the route

to link with the economic hinterland in China. The Belt and Road Initiative is seen as the longest economic corridor in the world and with the greatest potential as it will directly impact 4.4 billion people or around 63% of the world's population. The initiative will boost trade, shipping, tourism, development of maritime and related infrastructure, enhancement of connectivity and cultural exchange.

Where ASEAN is concerned, the MSR initiative offers new opportunities for China and the regional grouping to cooperate in many sectors including trade, infrastructure and cultural exchange. The impact of the MSR on ASEAN can be huge considering that China has been the largest trading partner with the region for seven consecutive years. Trade has grown at an annual rate of 18.5 percent - from US\$7.9 billion in 1991 to US\$472 billion in 2016 and this is expected to grow to US\$1 trillion by 2020.

Malaysia's strategic proximity along the Straits of Melaka puts it in an advantageous position to capitalise on the expected increase in seaborne trade volume and maritime infrastructure that will arise from the MSR, with Port Klang ideally situated to play a key role as a gateway and

transshipment hub. Malaysia has been China's largest ASEAN trading partner for eight successive years and the two governments entered into a five-year plan to expand trade, investment, tourism, education, finance and infrastructure development with the aim of achieving bigger bilateral trade going forward.

Cooperation in the 21st Century MSR was incorporated into the Joint Communiqué between Malaysia and China in conjunction with the 40th anniversary of diplomatic relations in May 2014. Malaysia has voiced strong support for the MSR and Transport Minister Y.B. Dato' Seri Liow Tiong Lai said that the country is gearing up for the opportunities arising from the MSR, particularly in relation to seaports.

Ladies and Gentlemen,

For holistic economic development, port alone is not sufficient. Hinterland for industries, logistics hubs, free trade zones, regional distribution centres and other value propositions need to be developed to create cargo and goods for trade. Roads and rails connectivity and provision of utilities services

need to be developed to open up interior regions and bringing economic growth equitably to the hinterland.

Financial and commercial centres, living and residential districts, leisure, entertainment, healthcare, education and other necessary service facilities need to be sufficiently provided. Leading to a holistic and prosperous port industrial city.

Port industrial cities will transform the economy of nations. It will bring about changes for better lifestyle, increased income, healthier and better educated population. And a harmonious environment for all to live in.

Ladies and Gentlemen,

The OBOR initiative has brought about a new renaissance to the countries along the BRI. A network of transportation infrastructure facilities was being planned and built.

We have seen hundreds of billion dollars' worth of MOUs being signed for investment in strategic infrastructure, utilities, highways, railways, and services facilities amongst the

countries along the OBOR with China. Almost every country in ASEAN has a part to these MOUs.

Going forward, we can see the fruit of these MOUs taking shape, positively impacting the lives of people along the MSR.

Ladies and Gentlemen,

Malaysia was among the 1st countries to support and respond positively to the BRI. Especially the MSR.

Malaysia and China shared a long history of people to people, cultural and trade cooperation. The seven voyages of Admiral Cheng Ho (郑和) more than 600 years ago has determined the location between South China Sea and the Straits of Melaka as the crossroad of the Maritime Silk Road. And Malaysia sits on the middle of this location.

Under the MSR initiative, China and Malaysia established the China Malaysia Port Alliance (CMPA) on 23th November 2015. With 10 Chinese Ports and 6 Malaysian Ports. The MOU was signed by the Minister of Transport Malaysia, YB. DS. Liow Tiong Lai and the Minister of Transport, China, H.E. Yang ChuanTang, and was witnessed by the Premier of

China, H.E. Li KeQiang and the Prime Minister of Malaysia, YAB DS Najib Tun Razak.

The 1st Annual CMPA meeting was held in Ningbo on 12th July 2016. And just a month ago, on 4th September 2017, we held the 2nd Annual CMPA meeting in Kuala Lumpur. The number of member ports has also increased to 12 Chinese Ports and 9 Malaysia Ports.

Various projects and areas of cooperation were tabled and discussed among member ports of the CMPA during the meeting. These included information sharing, technology exchange, human resource training and exchange, port studies, port investments, increasing trade and trade facilitations, adoption of best practices for green and safe port environment.

On the ASEAN level. Another cooperation grouping was being initiated. This is the China – ASEAN Port Cities Cooperation Network Platform. Last month, the 2nd China – ASEAN Port Cities Cooperation Network Platform meeting in Nanning achieved overwhelming participation and positive respond from all ASEAN countries and major Chinese ports,

government, departments, academies and agencies of China. Several MOUs were signed between China and some ASEAN countries. Many cooperation Initiatives were proposed, and with a 2 billion populations, China – ASEAN port cooperation will bring about great opportunities for regional trade and tourism. Eventually, this will develop into a port cooperation platform at the China-ASEAN level, based on the CMPA model.

Ladies and Gentlemen,

Tourism is very much promoted by every country. And every country try their best to get a significant share of tourist's arrivals to their country.

People to people movement and cultural exchanges are part of the OBOR initiative. As household income increases, people look for better lifestyle, leisure, entertainment and tourism.

In 2016, there were 20 million tourists from China to ASEAN countries. An increase of 6.4% compared to 2015. The

number of tourists from ASEAN countries to China was 10.34 million in 2016. And increased of 57.8% compared to 2015.

In 2016, Malaysia have 2.2 million tourists from China. For the 1st half of 2017, there were 1.5 million tourists from China to Malaysia and we are on target to receive a total of 3 million tourists from China for 2017.

At the moment, almost all of these tourists travel by air and some by land between ASEAN and China.

In recent years, many China ports have established and built cruise ship terminals and many more Chinese ports also have plan to build cruise terminals.

China-ASEAN Port Cities Cooperation Network conference also look at cruise tourism as a potential area for growth. China – ASEAN as a regional cruise destination has unlimited attractions to offer. The coastal China, with their rich history and culture, natural sceneries, diversity of food and heritage, will attract tourists. Every ASEAN country also has their own unique tourist attractions and products to offer. Cruise tourism can be the next area of growth to be developed under

the China-ASEAN Port Cities Cooperation Network framework. To promote China – ASEAN as a regional Cruise Tourism Hub.

Ladies and Gentlemen,

Generally, we recognize 3 mode of transportation i.e.: by land, by sea, and by air. But, very recently at the 14th China-ASEAN Expo (CAEXPO) in Nanning, it was said that there are now 4 modes of transportation, i.e.: by land, by sea, by air and by the internet-cyberspace, in the cloud. E-commerce, transportation logistics information sharing platforms are becoming very important. For cost saving and transparency, time saving, for end-to-end tracking and monitoring across multimodal mode of transportation.

Going forward, transportation infrastructure will include not only Rail, Road, Ports, Airports, but also internet based infrastructure for trade facilitation. Where land, sea, air and internet connectivity determine competitiveness and success of trade.

On that note. Thank you for your kind attention.