

CAFTA sees marked achievements

ASEAN is very important for any Chinese firms looking to 'go global'

By LIU XIAOQIONG
AND HUANG ZHAOHUA

China and the Association of Southeast Asian Nations (ASEAN) are increasing economic and trade cooperation as a hedge against uncertainties in other economies and to ensure the stable development of their economies, China's commerce minister told a recent gathering of trade ministers in Indonesia.

China is ASEAN's biggest trade partner and the largest export destination for ASEAN goods.

"Ever since the China-ASEAN Free Trade Area (CAFTA) opened on Jan 1 last year, economic and trade relations between the two have developed rapidly," Chen Deming told the 10th China-ASEAN economic and trade ministers conference, in Manado, Indonesia, this past August.

This is in response to "increasing uncertainty in the world economy and the probability of declining demand from developed countries."

In 2010, China-ASEAN trade was worth \$292.78 billion — thanks to the tariff-free treatment it gets in the free trade area — a 30-percent increase over the previous year.

China's Premier Wen Jiabao told the 13th China-ASEAN Leaders Summit, in October 2010, that China will make a greater effort to increase imports from ASEAN and will cooperate closely with it to simplify clearance procedures, improve inspection and quarantine standards, and cooperate more on the origin of imports, to have \$500 billion worth of bilateral trade by 2015.

The China-ASEAN free trade area as the first free-trade zone to benefit mostly developing countries. Its zero-tariff policy applies to more than 90 percent of the goods it handles.

China's average tariff on ASEAN goods has fallen from 9.8 percent to 0.1 percent, while the tariffs of six ASEAN countries on Chinese products have fallen from 12.8 percent to 0.6 percent. These have been helped the rapid growth of bilateral trade.

Nanning channel

Against this dramatic setting, Nanning, the capital of China's Guangxi Zhuang autonomous region, has



High-ranking Chinese and ASEAN officials celebrate the official establishment of the China-ASEAN Free Trade Area, in January, 2010.

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become a sort of bridgehead in Sino-ASEAN exchanges, thanks in no small part to its proximity to those countries.

One force behind this trade growth, and the "accelerator" in the China-ASEAN free trade area's development, has been the China-ASEAN Expo and China-ASEAN Business and Investment Summit.

Both of these are held in Nanning annually and have been christened a new "Nanning channel", an indication of the city's importance in China-ASEAN exchanges.

The Nanning channel takes a pragmatic approach to cooperation between the two and has produced a number of documents, such as the "Nanning consensus", "Nanning manifesto", and "Nanning proposal".

The city itself has become more than just a site for China-ASEAN cooperation but an important place for reaching national goals.

According to the General Customs Administration, trade between China and ASEAN amounted to \$292.78 billion in 2010, a 37.5-per-

cent increase from 2009, and 2.8 percent greater than average growth of foreign trade in China overall.

China's exports to ASEAN were valued at \$138.21 billion, up 30.1 percent, while China's imports were \$154.57 billion, up 44.8 percent.

The ASEAN region has become China's fourth major trading partner, after the European Union, the United States, and Japan.

Meanwhile, local economies have cooperated more with ASEAN, for example in Fujian province, where it reached \$13.2 billion in 2010, up 41.1 percent from 2009, and Guangdong province, where it increased 31.9 percent, to \$6.53 billion.

Trade boom

China's exports of ships, steel, clothing, and ceramics to ASEAN are increasing, and its imports from ASEAN are also showing growth. In the past, they were mainly copper, rubber, and cocoa, but now they include mechanical products and electronics, which have a fairly high added value and therefore help create

more jobs in ASEAN countries.

According to customs statistics, mechanical products and electronics imports from ASEAN countries were worth \$82.94 billion in 2010, an increase of 39.4 percent over 2009, and accounted for 53.7 percent of total imports from the region. And they account for 50 percent of total Chinese exports to ASEAN.

At the same time, the free trade zone (CAFTA) piques the interest of Chinese enterprises who want to take advantage of the zone's preferential policies to develop one big market.

Statistics show about 410,000 Certificates of Origin in the CAFTA from the National Inspection and Quarantine Institution, in the first 10 months of 2010, an increase of 79.3 year-on-year.

New opportunities

Also, thanks to the CAFTA, Guangxi, which already has close ties with ASEAN, has even more opportunities to open up to outsiders and speed up development.

Last year was said to be the 10th

consecutive year that the ASEAN region was Guangxi's biggest trade partner and largest export market.

Trade between Guangxi and ASEAN grew 31.9 percent in 2010, to \$6.53 billion, with the exports to ASEAN amounting to \$4.59 billion, up 27.1 percent, and imports from ASEAN at \$1.94 billion, up 45.1 percent.

Data from the Guangxi Commerce Bureau's official website shows trade with ASEAN at \$4.89 billion in the first seven months of 2011, an increase of 56.9 percent.

With the China-ASEAN trade block's economy bouncing back strongly in 2010, bilateral trade relations, including investments, seem to be headed in the right direction.

As of June, bilateral trade exceeded \$80 billion. Chinese investment in ASEAN is also doing well and equaled more than \$13 billion, about half of it from the past two years.

ASEAN is one of the most important destinations for Chinese companies in their move to "go global".

BIG NUMBERS

30

percent rise

in China-ASEAN trade last year, over 2009

\$500

billion

in bilateral trade is the goal for 2015 of Chinese and ASEAN leaders

44.8

percent growth

year-on-year in China's imports from ASEAN, in the first eight months of 2011

53.7

percent

of China's imports from ASEAN are mechanical and electronics goods



This year's China-ASEAN Expo, in the city of Nanning, takes place Oct 21 to 26.



ASEAN-made exhibits on display at a previous expo.

CAEXPO – great opportunities for China and ASEAN

By HUANG ZHAOHUA
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An annual trade fair sponsored by China and 10 ASEAN countries, in Nanning, the Guangxi Zhuang autonomous region, is expected to increase bilateral cooperation and mutual development in various fields, its sponsors have said.

The China-ASEAN Expo (CAEXPO), which is also sponsored by the ASEAN Secretariat, has been held in Nanning for seven consecutive years.

And it has seen 38 heads of state and over 1,300 VIPs at the ministerial level or above taking part.

The CAEXPO is seen by many as an important way to let enterpris-

es from China and the 10 ASEAN countries rub shoulders with each other and explore business opportunities.

This year has been designated "The China-ASEAN Year of Friendly Exchanges" and is the 20th anniversary of ASEAN-China relations. It is also ASEAN-China Free Trade Agreement's first anniversary.

So, this year's expo, which runs Oct 21 to 26, is expected to play an even bigger role in promoting ASEAN-China cooperation. In fact, its theme is "cooperation in environmental protection".

A CAEXPO official has said that this year's expo will shine a spotlight on China's energy conservation, emissions controls, environmental

protection efforts, and new energy technologies.

It will have sections for commodity trading, the service trade, investment cooperation, advanced technology, and "charming" cities.

The Chinese Commodities section will focus on machinery and equipment, electronics, electrical appliances, building materials, household goods, agricultural materials, agricultural produce, and foodstuff.

The advanced technology section will have state-of-the-art technologies on display, tailor-made for the ASEAN market.

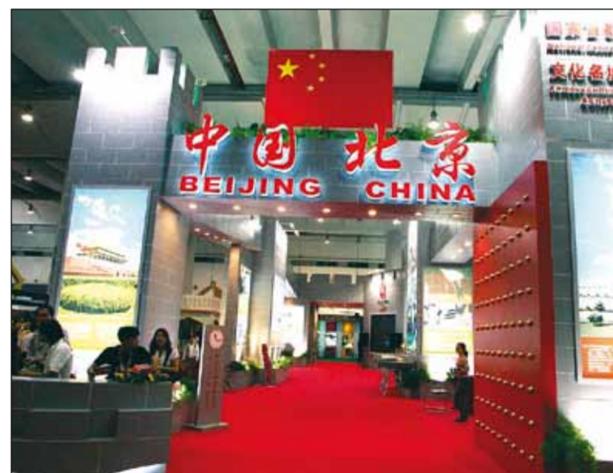
Malaysia will be this year's country of honor and China's Premier Wen Jiabao has asked more Malaysian companies to take part in the

expo to "promote their products and exchange experiences".

Wen commented on this while attending the Malaysia-China Economic, Trade and Investment Cooperation Forum, in Kuala Lumpur, Malaysia, in mid-April.

Wen said he hopes that the two countries will increase bilateral trade, investments, and cooperation in infrastructure, education and finance.

Malaysia's Prime Minister Najib Razak said at the same occasion that, Malaysia, as this year's country of honor at the expo, is ready to increase cooperation with China for mutual benefits, by taking full advantage of the Malaysia-China cooperation agreements and the ASEAN-China free trade agreement.



Beijing pavilion at the expo. The organizers began providing special exhibition sections after the second CAEXPO, so that various cities in China and ASEAN member countries could show their special attractions. Shanghai, Tianjin, and Suzhou have all had a CAEXPO debut.