

# Turning Kunming into a regional hub

## Business opportunities and market expansion in cross-border trade area

By ZHANG ZHAO

A second conference on innovative approaches to business between China and Southeast Asian nations took place this weekend in Kunming, the capital of Yunnan province, in a search for mutual benefits to be gained from cooperation.

There were around 200 delegates taking part in this second China-Association of Southeast Asian Nations (ASEAN) Industrial Cooperation Conference (CAICC), on July 3.

The theme was "CAFTA — the industrial interconnection" and the purpose was to discuss market expansion and business opportunities in the China-ASEAN Free Trade Area (CAFTA).

One immediate result of the conference was that some trade associations from ASEAN member countries opened offices in Kunming.

Delegates included representatives of the Chinese and Southeast Asian nations' governments, as well as foreign ambassadors, executives of commercial associations, and leading entrepreneurs.

The conference is organized by the China-ASEAN Business Council (CABC), the government of Kunming,



DU LEI / FOR CHINA DAILY  
**Kunming Mayor Zhang Zulin speaks at the conference.**

the Chinese Ministry of Commerce, and the China Council for the Promotion of International Trade's International Relations Department.

Closer business ties between China and Southeast Asian nations are "very important and needed badly", said Xu Ningning, deputy secretary-general of the CABC, who is also China's top expert on ASEAN business affairs.

"We see it as the key to mutually beneficial results in the free trade area," Xu explained.

### 'Systematic'

"The business partnership between China and ASEAN is a systematic approach," Xu

went on to explain.

"It requires a joint effort by local governments, trade associations and companies and we need a long-term industrial restructuring plan."

Industrial cooperation between China and ASEAN is wide-ranging and includes business information exchanges, greater market access, trade negotiations, training programs, exhibitions, and visits by businesspeople from both regions.

Xu has advocated closer business ties with the Southeast Asian nations for almost a decade and has written many articles pushing the idea.

He said he believes that China-ASEAN business cooperation should be based on a principle of negotiation and innovation that involves mutual benefits and profits.

More than 20 of China's industrial associations had strategic partnerships with the Chinese secretariat of CABC by the end of June.

The first Industrial Cooperation Conference took place in Kunming last September.

At that time, Wan Jifei, chairman of the China International Trade Promotion Committee, suggested that China and ASEAN try to develop new cooperation plans immediately for associations from both regions.

He also called for expanding the areas and forms of cooperation, and improved systems for it.

CAICC, as part of China-



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**Delegates from China and abroad talking about better methods for industrial cooperation in the region at the conference.**

ASEAN cooperation idea and the first formal business meeting under CAFTA's aegis, has an important role in helping operations in both regions, said Wan.

### Regional hub

The conference's host city is a regional transportation

and trade hub, with good access to cross-border trade, as well as China-ASEAN exchanges.

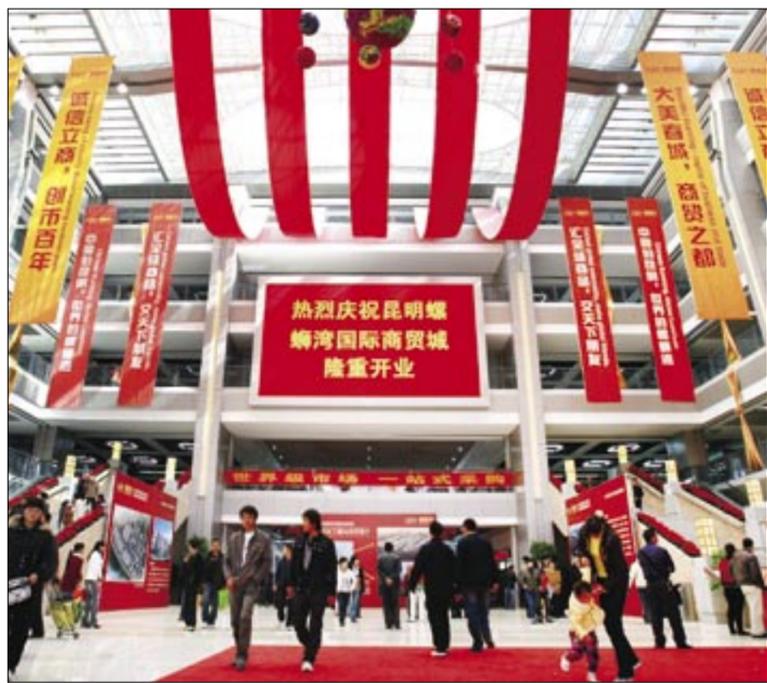
CAFTA was set up on January 1, 2010, and Kunming's trade with ASEAN members was worth \$2.24 billion last year, an increase of 51.3 percent from 2009.

In the first five months of this year, it reached \$1.22 billion, an increase of 61.6 percent from the same last year period.

The city had six overseas investment projects in 2010, with an agreed capital of more than \$70 million. The areas involved include mining, trade center construction work,

manufacturing, agriculture, and rubber trees.

According to Zhang Zulin, the mayor of Kunming, the city is now an important part of Yunnan's "gateway strategy" as a regional hub with stronger industries, a better environment, and more trade and investment with ASEAN.



CHEN YUZHOU / FOR CHINA DAILY  
**Luosiban International Trade City is the largest trading and logistics center in China's southwest, with a huge influence on the Southeast Asian markets.**

## Moving beyond Yunnan to the entire Pan-Asia region

By LI YINGQING, HUANG FEIFEI AND GUO ANFEI

While Yunnan province gets itself ready to be the business and trade gateway to South and Southeast Asian countries, its capital, Kunming, expects to play a major role as a hub for all that activity, the Party chief has said.

The State Council approved the province's "gateway" plan in May and Kunming sees itself as "a regional financial hub for Southeast Asia and South Asia," the Party chief, Qiu He, explained.

As if to support Qiu's statement, Liu Guangxi, head of the provincial government's finance office, said, "The China-ASEAN Free Trade Area will help give Kunming international influence."

Liu added that Kunming is expected to be not just a finance hub for the free trade area, but also for the Pan-Asia region, in about 20 years.

The city is in fact the first city in Yunnan to get involved in cross-border renminbi settlements, as construction work moves ahead on a cross-border financial services center.

In its role as a hub is not just in the finance business, the city has moved ahead in other fields such as transport, manufacturing, and investment.

On the sidelines of the 2<sup>nd</sup> China-ASEAN Industry Cooperation Conference, on July 3, the Kunming offices of the China-ASEAN Business Council's Chinese secretariat and seven ASEAN chambers of commerce opened in the Luosiban International Trade City, a key investment project in the city.

Work on this key Kunming investment project by the Yunnan Zhonghao Group began in 2008, with funding backing from the Zhejiang Yiwu Commercial Investment Group.

"The project will need 58 billion yuan in investment, for a planned area of about 1,200 hectares, and floor space of 19 million square meters," explained Liu Weigao, chairman of Yunnan Zhonghao.

When it is completed, more than 50,000 merchants are expected to be doing business there, providing as many as 600,000 jobs, Liu added.

"It will be an immense international wholesale market with influence all over the province, Southeast Asia, South Asia, and even beyond. It will also embrace an industrial chain dealing with manufacturing, trade, warehousing, logistics and e-business," Liu said.

Luosiban already has more than 30,000 traders, and is visited by at least 300,000 businesspeople daily, from China's eastern and southeastern coasts, and regions to the west, as well as ASEAN countries.

## Better connected industries for the China-ASEAN free trade zone

By LI YINGQING AND GUO ANFEI

Participants at a recent Asian industrial cooperation meeting in Kunming, Yunnan province, decided that increased cooperation between Chinese companies and those of Association of Southeast Asian (ASEAN) member countries is the future.

The delegates at the 2<sup>nd</sup> China-ASEAN Industry Cooperation Conference discussed ways to strengthen cooperation between their enterprises and came to an agreement in a number of areas.

Sponsors of the conference are the Chinese Secretariat of the China-ASEAN Business Council and the city of Kunming. More than 200 business leaders, government officials and industry experts took part.

First of all, they agreed to develop better China-ASEAN industrial dialog methods and said that better connected industries were the top priority of the China-ASEAN free trade zone.

This year marks the 20<sup>th</sup> anniversary of China-ASEAN dialog and is "Year of Friendly Exchanges between China and ASEAN".

Trade between the two is growing as are investment service trade cooperation.

The participants said that China-ASEAN industrial cooperation is vital to economic cooperation and to continuing the China-ASEAN strategic partnership.

They did say, however, that this is a long-term project and one that calls for the active participation of governments, business councils, and enterprises. It also needs detailed planning, and an innovative approach to the planning.

They said that the purpose of industrial cooperation was to improve productivity and competitiveness in the region for joint development and prosperity.



YANG FAN / FOR CHINA DAILY  
**Kunming offices of the China-ASEAN Business Council's China Secretariat and seven chambers of commerce of ASEAN countries open on July 3.**

The delegates called for more active participation in promoting industrial cooperation and said that various governments needed to place more importance on that cooperation.

### Time to take action

They stressed the need to make cooperation a major focus of the free trade area's 2<sup>nd</sup> five-year plan (2011-2015) and for China and ASEAN members' bilateral economic cooperation plans.

This can be done with favorable policies, they said, such as giving priority to approval methods and raising funds.

The delegates said industry associations need to play a greater role in exploring new methods of cooperation.

A good starting place for this is the Joint Conference of China-ASEAN Business Council and the China-ASEAN Industry Cooperation Conference, they pointed out. This could be followed by the forming of industry business councils, and associations for specific sectors.

Industry associations from both regions should in turn support cooperative efforts by small and medium-sized enterprises.

The participants said that both of the regions' companies need to be active in China-ASEAN efforts and

take advantage of whatever business opportunities and challenges they see.

The China-ASEAN Free Trade Area in fact is facing an immense market of 1.9 billion people so that companies need to be more active in their international marketing and investment.

They need a good under-

standing of economic policies and industry plans of all the countries involved, and of the particular market features of those countries.

And finally, they need a forward-looking business strategy for long-term development, with emphasis on product and service quality and brand promotion.

