

KLBC Fireside Chat “Exploring New Opportunities with China”

The Kuala Lumpur Business Club (KLBC) hosted a Fireside Chat on **“Exploring New Opportunities with China”** with HE Chai Xi, Ambassador of China on 19 March 2013 at Hilton Kuala Lumpur.

KLBC Deputy President Dato’ Amrin Awaluddin gave the welcome remarks and introduced the Ambassador.

In his presentation, Ambassador Chai Xi highlighted the following policies under the new Chinese President Xi Jinping:

- “Well-off China” policy - By the year 2020, China’s GDP will be doubled which means their market will enjoy a huge purchasing power of RM30 trillion. Many Malaysian enterprises had foreseen this great potential and increased their investments in China.
- “Urban China” policy - China is in the process of urban-rural integration – developing their industrialization, informatization, urbanisation and agricultural modernisation simultaneously. China’s urban level now is 51.3%, much lower than the 80% level of developed countries. For the next decade China will speed up this process – 10 million rural labour or population will move to the city every year, boosting China’s consumption, manpower supply and investments. It was estimated that in the next decade, China will build 2000 km of subway and purchase 3000 main line aircraft. Urbanization will not only drive China’s economic growth but also bring vast business opportunities to the world.
- “Innovative China” policy – China will transform its economic growth pattern from investment-driven and export-driven to innovation-driven and domestic-consumption driven. It will raise its productivity through advance technologies, developing hi-tech industries and upgrade traditional ones, protecting its intellectual property, applying information technologies, and enhancing international cooperation.
- “Reform China” policy – Income gap will be narrowed through the distribution of national income in a more balanced way among governments, enterprises and citizens. Monopoly of state-owned enterprises over certain high-profit service sectors will be broken up and opened to private capital. The government will play a more supervisory role and let the market forces play their roles in resource distribution.
- “Beautiful China” policy – Ecological progress as much as political, economic, cultural and social development will be valued. Resource and energy conserving measures will be taken, while renewable energy to be used more widely and pollution be tackled. In their 12th Five Year Plan, China’s green investment is estimated to reach RM 4 trillion.

On the future of bilateral relations between Malaysia and China, Ambassador Chai Xi stated that:

- In 2012, both countries had exchanged five high level visits thereby enhancing mutual trust between both countries. In 2014, Malaysia and China will celebrate the 40th anniversary of the establishment of their diplomatic relations and will bring the strategic cooperation to a new height.
- China continues to be Malaysia's first trading partner while Malaysia ranks top among China's ASEAN partners. Bilateral trade volume reached USD 94.8 billion last year, up 5.3%, in which USD 21.7 billion was in favour of Malaysia. China has a huge market of 1.3 billion consumers, while Malaysia has its competitive edge on petrochemical, financial and electronic industries. The trade volume is expected to reach USD 100 billion by next year.
- Last year, 165 new Malaysian projects were invested in China with a total value of USD 318 million. Until 2012, Malaysia has invested USD 6.3 billion in China and China's non-financial investment amounts to USD 650 million in Malaysia. The 18th CPC Congress has outlined that foreign enterprises will be treated equally as Chinese state-owned and private enterprises. Hence, the Ambassador encouraged more Malaysian companies to invest in China especially in the West and Central areas.

On maintaining China's strategic balance in the Asia-Pacific, Ambassador Chai Xi said that China's foreign policy has always been building friendship and partnership with its neighbours and ensuring that China's development will benefit its neighbours. China believed in shared prospect and harmony.

In his conclusion, the Ambassador mentioned that China has contributed 50% of Asian economic growth during the last financial crisis and has promoted regional integration by establishing the world's largest FTA of developing countries with ASEAN.

After his presentation, the Ambassador addressed several questions from the floor. The Fireside Chat was attended by 56 participants comprising KLBC members and invited guests.