

**OPENING REMARKS BY MINISTER OF TRADE & INDUSTRY CHAN CHUN SING AT THE
“PROMOTING REGIONAL INTEGRATION: CHINA-SINGAPORE (CHONGQING) CONNECTIVITY
INITIATIVE – SOUTHERN TRANSPORT CORRIDOR (CCI-STC)” SEMINAR
AT THE FUTURECHINA GLOBAL FORUM AND SINGAPORE REGIONAL BUSINESS FORUM
2018
THE RITZ CARLTON, 28 AUGUST 2018, 1030HRS**

Mr Hong Xiaoyong, Ambassador of the People’s Republic of China to Singapore

Mr Tang Liangzhi, Mayor of the Chongqing Municipal People’s Government

Distinguished guests

Ladies and Gentlemen

Opening

1. Good morning, and a very warm welcome to Chongqing Mayor Tang Liangzhi and his delegation as well as representatives from Guangxi, Guizhou, and Gansu. Thank you for joining us at this seminar.
2. This is the first time that we are gathered together to discuss the prospects and next steps for the China-Singapore (Chongqing) Connectivity Initiative (CCI), and the Southern Transport Corridor (STC) in particular, how we can leverage on this new transport corridor to support the growing trade flows between ASEAN and China.

The CCI plays a strategic role in the BRI and Western China’s development

3. Singapore and China embarked on the CCI, as the third Government-to-Government (G-to-G) project in 2015. As with the first two G-to-G projects, the Suzhou Industrial Park and the Tianjin Eco-City, the focus of the CCI is in line with China’s current development needs.
 - a. The CCI focuses on the theme of modern connectivity and modern services to support China’s shift from a manufacturing-based economy to a service-oriented economy. It is an area where Singapore will be happy to share our experiences. Unlike the two previous projects in Suzhou and Tianjin, this project is based in Chongqing but not limited to Chongqing. It serves as a platform for us to use Chongqing as the operating base to reach out to all the provinces in Western China.
4. Based on the theme, both sides have identified four priority sectors for the CCI: financial services, aviation, transport & logistics, and information & communications technology. They cover both traditional air, land and sea connectivity, as well as modern dimensions of connectivity including finance, data and so forth. This multi-dimensional approach to

connectivity means that the CCI is not bounded by any physical area. The exchanges in financial services, data, talent and technology are all not constrained by geography.

5. Given China's priorities to reduce the economic disparity between the coastal provinces and the inland provinces, our two governments agreed that the CCI will be based in Western China with Chongqing as the operating base. The CCI aims to catalyse business opportunities in China by lowering the financial and logistics costs, as well as to improve the overall business environment in Western China. By enhancing Western China's connectivity, we aim to unlock the potential of this region, which makes up more than two-thirds of China's land area.
6. The CCI, as a key priority demonstration project, will contribute to the Belt & Road Initiative, accelerate Western China's development and support the Yangtze River Economic Belt Strategy. Through piloting innovative measures that enhances connectivity, including but not limited to policy and institutional innovations, the CCI aims to catalyse the development of Western China.

The CCI-STC improves connectivity and promotes regional integration between ASEAN and China

7. The CCI's emphasis is on building networks. The CCI-STC is a new key initiative under the CCI that connects the "Belt" and the "Road" and contribute to Western China and Southeast Asia's development by opening up a new sea line of communication between the two regions and by integrating the sea and the rail transport infrastructure.
 - a. It aims to reduce the time taken to transport goods between Western China and Southeast Asia from the previous three weeks to the current one, resulting in significant cost savings. We aim to bring this down even further by making sure that we integrate our customs and data services and exchanges.
 - b. Singapore companies can make use of the CCI-STC to extend their reach into Western China, and likewise Chinese companies can use the CCI-STC to access Southeast Asia and other markets.
 - c. It also presents new opportunities for ASEAN companies to tap on the growing demand in Western China, which is one of the fastest growing regions within China.
8. The CCI-STC, unlike our other previous projects, is an open platform that welcomes all who want to play a part in its development. It is not a zero sum game. Having more users will expand the CCI-STC's network, aggregate volume, build economies of scale, and benefit all by reducing costs. We should work together to continue to build on the good progress thus far. And we hope to set in a place a positive cycle whereby the lowering of the logistics cost will bring in more players participating in the STC, which in turn will further lower logistics cost, catalysing development in the regions.

Next steps

9. First, we must continue to streamline customs processes and develop logistics standardisation to improve the flow of goods across borders.
10. Second, we need to facilitate the seamless movement of goods across different transport modes, and we have to improve last-mile connectivity by enhancing the linkages between road, rail and sea transport. Other forms of infrastructure which are equally important includes the cold chain facilities which support the movement of perishables.
11. Third, to develop a strong network of regional distribution centres along the CCI-STC across both Western China and ASEAN that will make this corridor even more valuable to businesses, as these support efficient consolidation and distribution of goods. With the cold chain facilities in place, we can also expect new types of goods that will be transported both ways along the corridor. This made possible the transport of perishable products from Southeast Asia into the inner western region of China. What used to take three weeks, now will take one week and we will continue to try to reduce this even further.
12. Coordination amongst the Western China provinces is key as we work towards the common vision of enhancing trade flows and achieving greater regional integration.
13. As cross-border trade activities increase, demand for related services such as finance, legal and other professional services will also increase, creating even more opportunities for our businesses and people.
 - a. This enhanced connectivity will allow goods, talent, services, and capital in ASEAN and Western China to be brought together and deployed more efficiently, contributing to the development of both regions.
14. As the CCI-STC develops to its full potential, it will play an even more crucial role in connecting two of the world's most dynamic economies, i.e. ASEAN and China.
15. The CCI-STC is thus a demonstration of ASEAN and China's commitment to strengthening our linkages and economic integration with like-minded partners, and leveraging on each other's strengths. This type of interdependency, this type of connection, is even more important in today's climate where some areas of the world are facing the tide of rising protectionism. For Singapore and China, we are like-minded partners. We believe that greater integration and greater interdependence, rather than working unilaterally, is the way to overcome many of our common challenges.

Closing

16. We need to continue to adopt an innovative and open mind-set to pilot more innovative measures that can enhance our regional connectivity. Successful measures can then be

replicated in other parts of China, which will fulfil the role of the CCI as a key demonstration project not just for Chongqing, but also for Western China.

17. I look forward to fruitful discussions at the seminar that will generate more ideas and inspirations to further our collaboration and promote regional development.
18. Thank you.