

PRESS RELEASE (#2)

3 October 2013

Asia Pacific Needs a Region-Wide Fundraising Platform for Infrastructure Support Grows for Chinese President's Proposal for an Asian Infrastructure Investment Bank

3 October 2013 (Bali, Indonesia) – While the Asia-Pacific does not lack capital, the region needs platforms to raise funds for financing infrastructure projects, said government, business and academic leaders gathered in a seminar organized jointly by the Pacific Economic Cooperation Council (PECC) and the Boao Forum for Asia ahead of the Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Meeting, starting here on 7 October.

The Asian Development Bank (ADB) has estimated that Asia needs to invest US\$8 trillion in infrastructure to avoid bottlenecks and to maintain the momentum for growth. At the seminar, many participants recognized that while there is no lack of capital in the region, bankable infrastructure projects are few for various reasons including low returns, poor governance and the lack of technical expertise.

“A fundamental barrier within our region is a lack of willingness for governments to provide strong subsidy in some countries, there are limits of fund that government can provide to infrastructures.” Mr. Mark Rathbone, Asia Pacific Leader of Capital Projects and Infrastructure of PricewaterhouseCoopers said.

To address the obstacles to infrastructure development, Chinese President Xi Jinping is proposing a regional solution. During his bilateral meeting with Indonesian counterpart Susilo Bambang Yudhoyono on October 2nd and in an address to the Indonesian parliament today, President Xi said China would support the creation of an Asian infrastructure investment bank to provide financial support for infrastructure in developing economies in the region.

At the seminar, President Xi's proposal received strong support. “The Asia infrastructure Investment Bank will hopefully lead to multilateral government participation to facilitate the infrastructure investment,” Mr. Fang Fang commented. “It is very important to turn Asia's high savings rate into investment. China is serious about providing solution for infrastructure financing in Asia” Mr. Zheng Xinli, Permanent Vice Chairman of the China Center for International Economic Exchanges, told participants. “I hopes that the example and lessons that China has learnt in providing excellent infrastructure for its economy in past 20 or 30 years can indeed be transferred into this infrastructure investment bank,” Mr. Conor McCool, Managing Director and Head of Project Finance of Standard Chartered Bank agreed. “The proposal of China to initiate the Asian Infrastructure Investment Bank is very exciting,” Mr. Steve Howard, Secretary-General of the Global Foundation of Australia, said. “I hear from the panel and floor that such bank can do much more than just provide finance; it can be a major provider of know-how.”

While welcoming the initiative, others said that fundraising was not the only issue. There should be focus on the project preparation stage. “We need resources for good project development – such as funds for feasibility studies and procurement and draft contracts, which are expensive,” noted infrastructure and public-private partnership specialist Ms. Laila Horton.

“Infrastructure building generates jobs, fuels growth and lays the foundation for structural reforms,” commented Ambassador Zhou Wenzhong, Secretary General of the Boao Forum for Asia, emphasizing that smarter and broader cross-border cooperation and more innovative approaches to planning and financing infrastructure projects are needed. Concluded Dr. Djisman Simandjuntak, Chair of the CSIS Foundation and Chair of the Indonesia PECC Committee: “Nothing moves without finance.”

For media enquiries:

Jessica Yom, Public Affairs, PECC International Secretariat, Singapore
E. jessica.yom@pecc.org

Iris Zhong, Director (Media Affairs), Boao Forum for Asia, China
E. zhonghui@boaoforum.org

About the Pacific Economic Cooperation Council

The Pacific Economic Cooperation Council (PECC) is a non-profit international organization committed to the promotion of cooperation and dialogue in the Asia Pacific. Founded in 1980, PECC is a tripartite network of 26 member committees comprising individuals and institutions dedicated to this shared mission. Of the 26 member committees, 23 represent the economies of Australia, Brunei Darussalam, Canada, Chile, China, Colombia, Ecuador, Hong Kong (China), Indonesia, Japan, Korea, Malaysia, Mexico, Mongolia, New Zealand, the Pacific Islands Forum, Peru, the Philippines, Singapore, Chinese Taipei, Thailand, the United States of America, and Vietnam. The PECC also has one associate member, France (Pacific Territories), and two institutional members, the Pacific Trade and Development Conference and the Pacific Basin Economic Council. As the only non-governmental official observer of APEC (Asia-Pacific Economic Cooperation), PECC provides independent business and research input for the regional policy-making process. www.pecc.org

About the Boao Forum for Asia

As a non-government, non-profit international organization, Boao Forum For Asia (BFA) is the most prestigious and premier forum for leaders in government, business and academia in Asia and other continents to share visions on the most pressing issues in this dynamic region and the world at large. The Forum is committed to promoting regional economic integration and bringing Asian countries even closer to their development goals. Initiated in 1998 by Fidel V. Ramos, former President of the Philippines, Bob Hawke, former Prime Minister of Australia, and Morihiro Hosokawa, former Prime Minister of Japan, Boao Forum for Asia was formally inaugurated in February 2001. Countries across the region have responded with strong support and great enthusiasm, and the world has listened attentively to the voice coming from a tiny, quiet and scenic island at the southernmost part of China – Boao, the permanent site of the Annual Conference of the Forum since 2002.