

China-ASEAN Fund to kick off soon

The long-planned China-ASEAN Fund on Investment Cooperation will soon lift its curtain as the establishment of the China-ASEAN Free Trade Area (CAFTA) drawing near, a senior financial official said in Nanning Wednesday.

The operation of the first-stage fund of \$1 billion will start before the end of this year, said Li Ruogu, chairman of the Export-Import Bank of China (Eximbank) at a conference in Nanjing during the 6th China-ASEAN Expo.

The launch of the fund is just in time as the upcoming CAFTA will need advanced financial ties to keep up with increasing trade exchanges, he said.

As the first China-ASEAN fund under government direction and operates in accordance with market rules, the Fund will eventually reach \$10 billion and is expected to help push China-ASEAN cooperation to a new level.

The establishment of the Fund was firstly announced by Chinese Premier Wen Jiabao last April during the annual Boao Forum, aiming at supporting the infrastructure development in the China-ASEAN region and enhancing trade and economic ties.

According to Li, the first-stage fund-raising will be completed in Hong Kong by the end of the year and investment will start subsequently, which will involve China-ASEAN cooperation projects in transportation facilities, public utilities, info-communication, energy and resources.

As the host sponsor of the fund, the Eximbank will contribute \$300 million to the first-stage fund, which has so far accomplished 70-80 percent of fund-raising. Many Chinese and international financial and investment institutions including the Asian Development Bank and the World Bank have shown intention to invest in the fund, according to Li.

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"The first-stage fund will focus on infrastructure development, but investments will not be limited within the above fields," he said, noting that targets of following fundings will be adjusted according to actual situations of China-ASEAN cooperation and might go into fields like manufacturing and modern service industry.

The China-ASEAN cooperation on infrastructure construction is currently booming with rapidly increasing projects, including construction of harbors and channels in the Lancang-Mekong River subregion, railways and highways that connect Vietnam and Southwestern China.

"Deepening China-ASEAN economic ties gravely needs direct investment, especially in infrastructures," Li said.

The Fund will help countries in the region recover from the financial crisis and achieve sustained development of the regional economy, he said.

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