

Such failures on the part of the junta are common ... making very clear the limits of the junta's ability to secure vital infrastructure, such as the China-Myanmar pipeline project

JASON TOWER, A MYANMAR SPECIALIST AT THE UNITED STATES INSTITUTE OF PEACE, ON THE ATTACK ON CHINA'S CONSULATE IN THE CITY OF MANDALAY EARLIER THIS MONTH > CHINA A6

# CHINA

## ECONOMY

# LAOS KEY IN BID TO TRADE WITH SOUTHEAST ASIA

Beijing aims to boost infrastructure construction in landlocked neighbour as Chinese businesses look for space to grow in new markets, analysts say

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Beijing aims to scale up infrastructure construction in uniquely strategic Laos to accelerate trade and investment throughout Southeast Asia as Chinese businesses scout for space to grow offshore, analysts have said.

Premier Li Qiang said during a four-day visit to the Southeast Asian nation earlier this month that he would work with Laotian officials to turn Laos from landlocked to "land-linked", according to the Ministry of Foreign Affairs in Beijing.

Laos, relatively undeveloped and small at just 7.4 million people, matters to Beijing because it shares borders not only with China, but also with the larger Southeast Asian economies of Cambodia, Myanmar, Thailand and Vietnam.

"Laos is seen as a transport hub for China to export Chinese products to the other countries in the subregion and import products from those countries to China," said Supitcha Punya, an assistant professor of political science and public administration at Chiang Mai University in Thailand.

China would eventually add roads, airports and dry ports tethered to a 400km, US\$5.9 billion railway that was finished in 2021, the Asean+3 Macroeconomic Research Office (Amro) in Singapore said last year.

The additions would boost China's economic reach in Southeast Asia for its own landlocked western regions, said Naubahar Sharif, head of public policy at the Hong Kong University of Science and Technology.

The 10-member Association of Southeast Asian Nations (Asean) bloc has a combined population of about 673 million, including several manufacturing hubs and some of the world's fastest growing economies.

Laos was the only Asean nation with a direct railway route from its capital, Vientiane, to China, Sharif said.

**Laos is seen as a transport hub for China to export Chinese products to ... other countries**

SUPITCHA PUNYA, POLITICAL SCIENTIST



A China-Laos bullet train passes through a tunnel near the border.

A Bangkok-Nong Khai high-speed railway in Thailand was expected to link with the tracks in Laos to make it a "transit point", giving China access to the Gulf of Thailand, also known as the Gulf of Siam, while also offering a "boost for seaborne trade", Sharif said.

China is building much of the Thai railway and will help operate it.

Japan was Southeast Asia's biggest provider of financial, infrastructure and technical help until the 2000s.

But for Chinese investors, Southeast Asia offered a haven from rising wages and operating costs at home, the consultancy firm Dezan Shira & Associates said.

China-Asean trade and investment has grown steadily since 2010, spurred by free-trade agreements and, since 2018, Chinese investors' use of Southeast Asian bases to avoid American tariffs on direct shipments of exports.

Two-way trade reached US\$911.7 billion in 2023, while Chinese direct investment in Asean last year jumped by more than 34 per cent from 2022 to US\$25.12 billion.

This month, China and Laos signed a joint statement aimed at improving a "connectivity development corridor" between the two countries and Thailand, according to the official Lao News Agency.

Xinhua said the two sides had agreed to work toward syncing the China-Laos Railway with the Thai

railway system just across the Laotian border.

The Beijing-based Asian Infrastructure Investment Bank is separately lending US\$10 million for the Thanaleng dry port, a cargo terminal on the Lao side of the Mekong River boundary with Thailand.

In February, Laos opened its third-largest airport, Bokeo International, which took funding from a Chinese developer.

And the Mekong River that ran from China to four Southeast Asian countries, including Laos, represented "vital waterway with significant untapped potential for enhancing regional trade and transport networks" for China, Amro economist Poh Lynn Ng said.

China could use Laos to transport goods or people into Cambodia, where Chinese had invested heavily in property, analysts said.

In neighbouring Vietnam, a prime destination for Chinese manufacturers keen to sidestep the US-China trade war, officials have approved a high-speed rail project to be synced with tracks in China.

China particularly valued the potential for agriculture, energy and tourism in Laos, Punya said. Laotians, meanwhile, saw China as a means to boost economic growth and job opportunities, she said.

In August, Laotian durian growers met Chinese importers to discuss shipping the pricey, pungent fruit to the China market, the Lao News Agency said.

It said that by 2029, Laos expected to harvest 270,000 durian trees for a crop worth more than US\$155.5 million.

## Love messages



The Dating Corner at Xiangshan Park in Huaibei City, Anhui province, attracts many keen to see what is on offer in the marriage market. The event is held every Saturday. Photo: VCG

## CROSS-STRAIT TENSIONS

# US arms package for Taiwan slammed

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Beijing lashed out against the latest US arms sale to Taiwan and pledged to take countermeasures to defend its sovereignty.

The Pentagon last Friday said it had approved the sale of items worth nearly US\$2 billion, including the purchase of three National Advanced Surface-to-Air Missile Systems worth US\$1.2 billion. It will be the first time the defensive weapon, which has been used on the battlefield in Ukraine, has been supplied to Taiwan. The deal also includes radar systems worth an estimated US\$828 million.

Beijing "has lodged serious protests with the US", the foreign ministry said on Saturday, pledging "resolute countermeasures and to take all measures necessary to firmly defend national sovereignty, security and territorial integrity".

It added: "The sales seriously undermine China's sovereignty and security interests, harm China-US relations and peace and stability across the Taiwan Strait and send a gravely wrong message to 'Taiwan independence' separatist forces."

Beijing sees Taiwan as part of China and has never renounced the use of force to reunite it with the mainland. The United States, in common with most countries, does not officially recognise Taiwan as an independent state, but Washington is opposed to any attempt to take the island by force and is committed to providing it with arms to defend itself.

Beijing has ramped up military drills in the Taiwan Strait since the island's leader, William Lai Ching-te, took office in May and made a series of comments that Beijing sees as promoting independence.

Lai's office thanked US President Joe Biden's administration for the latest arms sale, saying it

shows "the unwavering commitment of the US government to the security of Taiwan".

"Strengthening Taiwan's self-defence capabilities is the foundation for maintaining regional stability," Karen Kuo, a spokeswoman for the office, said. "Taiwan will continue to strengthen its self-defence capabilities as it works to maintain the rules-based international order, ensuring the peace, stability and prosperity of the Indo-Pacific region."

Beijing accused the US of using the island to contain mainland China and said its military support for the island contradicted its commitment not to support the separatist agenda.

The move also undermines both nations' efforts to stabilise relations, it added.

The Pentagon said: "The proposed sale will help improve the security of the recipient and assist in maintaining political stability, military balance, and economic progress in the region."

Sponsored Feature

# eCOM's data-driven innovation steers global trade finance into new waters

The fintech firm is leading a sea change in trade finance for SMEs by converting operational data into valuable assets to address the long-standing financing gap faced by asset-light businesses



Philip Ho (left), CEO of OnePort; Horace Mak (centre), founder and executive director of eCOM Registry Pte Ltd and eCOM DataFin Limited; and Andy Tung (right), founder of Kingful Ventures and non-executive director at Orient Overseas International Limited, join forces to introduce an innovative fintech solution that revolutionises trade financing with a data-as-collateral approach.

Even when valid data is available, banks often face lengthy verification processes, resulting in inefficiencies.

"Against this backdrop, we need a new approach and technology to bridge the gap between SMEs and financial institutions. eCOM serves as the connector, allowing data to tell the story and enabling lenders to carry out credit evaluations more efficiently and accurately," said Tung.

## Navigating a complex ecosystem with knowledge and data mastery

eCOM's model offers two distinct advantages. First and foremost, the company has a deep understanding of the entire shipping ecosystem.

"Numerous participants from various parts of the shipping supply chain, including freight forwarders, logistics companies, ports and customs authorities, contribute to a complex ecosystem, each with its own unique characteristics," Horace Mak, founder and executive director of eCOM Registry Pte Ltd and eCOM DataFin Limited, explained.

"Understanding how to gather, interpret and integrate data from these sources is crucial to assessing creditworthiness and providing effective solutions," said Horace. "Our team, alongside Andy Tung, has deep expertise in this ecosystem, with 20 to 30 years of experience in data integration and exchange."

Using advanced data recognition and processing technologies, including AI models and analytical algorithms, the team continuously optimises parameters for risk assessment and precise forecasting.

Furthermore, eCOM's financial experts work closely with financial institutions to analyse historical data, expedite KYC (Know Your Customer) and KYB (Know Your Business) processes, pre-approve credit lines and help banks identify high-quality clients.

This collaboration, according to Horace, tremendously improves the efficiency of financial institutions' credit services and risk management.

In 2021, eCOM introduced its data-driven financing solution in partnership with OnePort, a joint venture with Hong Kong's leading port group.

By December 2023, eCOM DataFin Limited, the company's Hong Kong subsidiary, secured a lending licence to fund its eSPIN Cash (revolving loan) and Easy Ship Easy Pay (post-shipment payment) products, specifically designed for the port sector.

## Robust risk management and data governance

When asked about risk management, Horace explained that all data gathered by eCOM is sourced from trusted entities, including ports, customs authorities and shipping companies.



**Data privacy is paramount. We ensure all data is collected with customer consent and is rigorously managed in line with local privacy regulations.**

Philip Ho, CEO of OnePort

Harnessing blockchain and cloud computing technologies, eCOM guarantees both the authenticity and traceability of this data, he said.

Philip Ho, CEO of OnePort, added: "Data privacy is paramount. We ensure all data is collected with customer consent and is rigorously managed in line with local privacy regulations."

eCOM also continuously tracks multiple data points across the trade chain in real-time, allowing lenders to monitor borrowers' performance and conduct dynamic cross-checks to make timely adjustments.

The company has established internal committees for information security, risk control and digital finance to oversee all process management, ensuring that both data handling and lending practices adhere to stringent regulatory standards.

After nearly a year of trial operations at the Hong Kong port service platform, eCOM has successfully validated its core technology, business model and profitability. Building on this success, the company is now actively exploring new global partnerships in digital financial services.

In 2022, eCOM launched a data finance platform in Shanghai's Free Trade Zone, offering data-driven financial services to local clients. The company has also made rapid progress in China's Greater Bay Area and at Australian ports.

Looking ahead, eCOM plans to develop additional financing products for cargo owners and freight forwarders, including freight financing, purchase order financing and supply chain financing.

"We set sights on building strategic partnerships with financial institutions, leveraging our data-driven model to offer joint loan solutions. Our goal is to bring more financial institutions and investors on board, ensuring that more SMEs can access efficient, high-quality loan services," Tung concluded.