

**Report of Network of ASEAN–China Think-tanks
(NACT) Working Group Meeting**
*Advancing ASEAN-China Tourism Cooperation:
Cross-border payment integration & visa and transport
facilitation*

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I. INTRODUCTION

1. The year 2024 has been designated as the ASEAN-China Year of People-to-People Exchanges, and both China and the ASEAN countries are increasing efforts for post-pandemic economic recovery as well as the recovery of the promotion of cultural ties between countries. Tourism is an important pillar to promote both these goals. Cross-border payment integration and visa and transport facilitation can further boost ASEAN-China cooperation in both tourism and fintech fronts.

2. ASEAN and China have a good foundation for cross-border payment cooperation. Through cooperation with local financial institutions and merchants, Chinese enterprises have helped to promote QR code payment services in many ASEAN countries,

and thus improved their digital payment service capabilities and fostered the development of local payment industry and inclusive finance. Chinese FinTechs also actively participate in the construction of payment infrastructure in ASEAN countries, catering to the local needs of establishing a unified national and internationally compatible payment system, and providing technical standard references.

3. Experts from China, Indonesia and Vietnam note that the current challenges to a unified and harmonised digital payment network include regulatory discrepancies, cybersecurity threats, infrastructure gaps and issues in interoperability while acknowledging that technological advancement, the will for cross-border collaboration and convenience to consumers are the key drivers to push for a unified digital payment scene in ASEAN and China.

4. Bilateral agreements on visa-free entry between selected ASEAN countries and China have facilitated ease of travelling for tourists from both countries. However, ASEAN has not extended cooperation with China. According to Google trends, there is a noticeable uptick in interest for the search term “China flight” in Malaysia, Singapore, and Thailand following the announcement and implementation of the visa-free entry policies, which shows great potential of visa-free entry policies

to increase tourism flows between China and ASEAN, bolstering people-to-people exchange.

5. Experts from 8 countries – Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, Thailand and Vietnam – participated in the on-site working group meeting to deliberate issues relating to ASEAN-China tourism, while expert from Singapore submitted a video presentation. The Consul General of the People’s Republic of China in Penang, Mr Zhou Youbin, and the Penang State Executive Councillor for Tourism and Creative Economy, YB Wong Hon Wai, graced the meeting with their presence and delivered their remarks to open the meeting.

6. The working group is centred on two key pillars: (i) Exploring Cross-border Payment Integration between ASEAN and China and (ii) Impact and Potential Improvements to Mutual Visa, Transport, and Logistical Facilitation between ASEAN and China.

II. POLICY RECOMMENDATIONS

Recommendations for enhancing ASEAN-China cross-border payment integration

1. Cooperation principles

- respect digital sovereignty;
- promote public-private partnerships;
- uphold innovation as the driving force;
- adhere to flexibility and inclusiveness.

2. Policy coordination

- Jointly address the issue of market access by reducing costs and entry barriers in local markets to ensure the supply of cross-border payment services;
- Enhance monetary policy communication and coordination to maintain regional financial stability and mitigate the impact of exchange rate fluctuations on cross-border payments;
- Introduce relevant policies to support the development of cross-border payment integration, such as offering tax incentives, streamlining approval processes, and facilitating the acquisition of local payment licenses.

3. Cooperation mechanisms

The ASEAN-China cross-border payment integration (ACCPI) needs political commitment and partnership at the highest level, without which all the cooperation initiatives and ideals will be difficult to be materialized. Therefore, we suggest ACCPI be an important topic for this year's ASEAN-China Summit and working mechanisms such as ASEAN-China Finance Ministers' and Central Bank Governors' Meeting be established to work

out a clearcut vision and roadmap. And an implementation, monitoring and evaluation mechanism is also needed.

4. Path for promotion

- China joins ASEAN-led or ASEAN-involved projects, eg. RPC/LCSF+China, NEXUS+China;
- ASEAN countries join China-led or China-involved projects, eg. CIPS+ASEAN, mBridge+ASEAN;
- ASEAN and China negotiate at a common platform on issues that cannot be resolved by the above pathways, eg. the ASEAN-China FTA (ACFTA) 3.0 Upgrade Negotiations.

5. Cooperation areas

- Connectivity of technology and industry. Jointly promote the development of digital payment technology through market-oriented means to achieve payment connectivity and build inclusive financial ecosystems while upholding the digital sovereignty of individual nation-states to allow the freedom to choose technology based on local needs, values and laws. To ensure a Level Playing Field, clear guidelines to prevent excessive control by any single entity should be in the first place;
- Connectivity of payment infrastructures and arrangements. Jointly promote the construction and improvement of cross-border payment infrastructure, including payment networks, clearing systems, data centers, etc., to ensure the efficient

operation of cross-border payments and encourage the use of local currencies for cross-border transactions;

- Connectivity of regulatory, supervisory and oversight frameworks. Strengthen regulatory and supervisory coordination to address legal and compliance issues in the area of anti-money laundering and anti-fraud and promote harmonisation of regulatory standards for third-party payment service providers;
- Connectivity of data. Jointly increase the use of standard message format protocols or other mechanisms to promote interoperability of cross-border payment systems, and address the issue of data privacy and cross-border data sharing to ensure the balance between security and prosperity.

Recommendations for promoting visa and transport facilitation

1. **Explore an ASEAN multiple-entry visa for regional partners** through a feasibility study of the ASEAN Common Visa that will assess potential benefits, challenges, and implementation strategies to allow for multiple entries among regional partners, considering factors such as economic impact, regional integration, innovation and technology, laws/regulations, and security concerns.

2. **Enhance direct air connectivity**, helping passengers to

travel from their origin to their destination seamlessly and reducing air travel times, and cost.