

Developing CAREC Cross-border E-commerce

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PT1. Update on Cross-border E-commerce Development

• Definitions and concepts

What is Cross-border E-commerce?

Broadly defined as the cross-border import and export trade activities between trading parties from different countries by using the internet as a business platform.

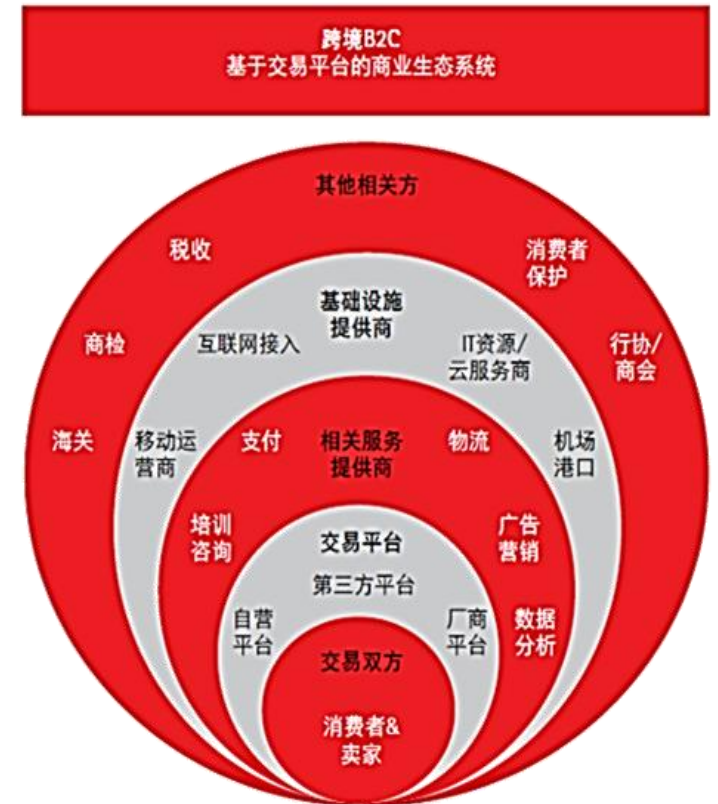
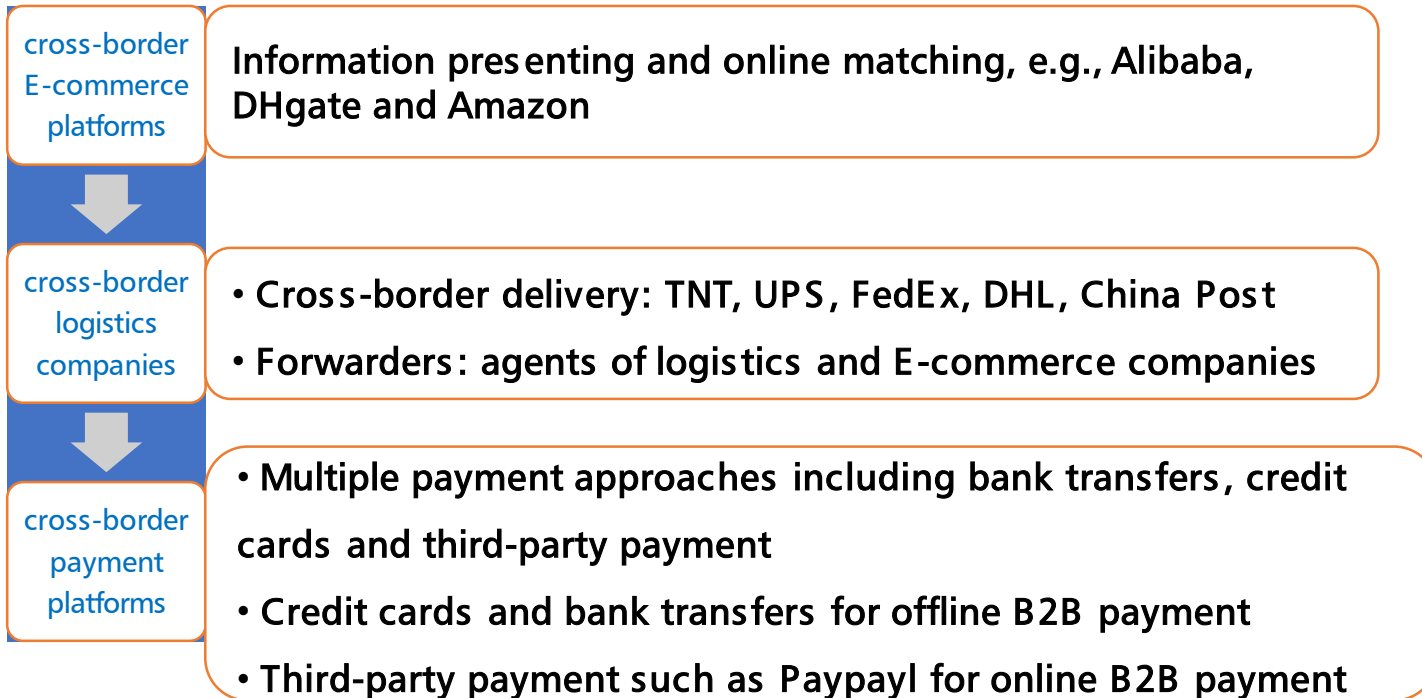
Narrowly defined as cross-border E-retail, a new form of trade brought about by the adequate development of the internet.



PT1. Update on Cross-border E-commerce Development

• Definitions and concepts

Three components: cross-border E-commerce platforms; cross-border logistics companies; cross-border payment platforms



PT1. Update on Cross-border E-commerce Development

- Definitions and concepts

跨境B2C电商推动全球化

高效直接的跨境消费者信息获取



更平等和普惠的全球化

企业更迅速的全球运营进程和竞争力提升

面向全球消费者的个性化产品与服务

全球范围内的流程服务共享与整合

基于全球消费者需求和反馈的C2B创新浪潮

PT1. Update on Cross-border E-commerce Development

- Facts about global cross-border E-commerce B2C in 2015

Cross-border B2C E-commerce

Most popular countries:



USA47%



UK38%



China / HK31%



Canada17%



Australia16%



Germany13%

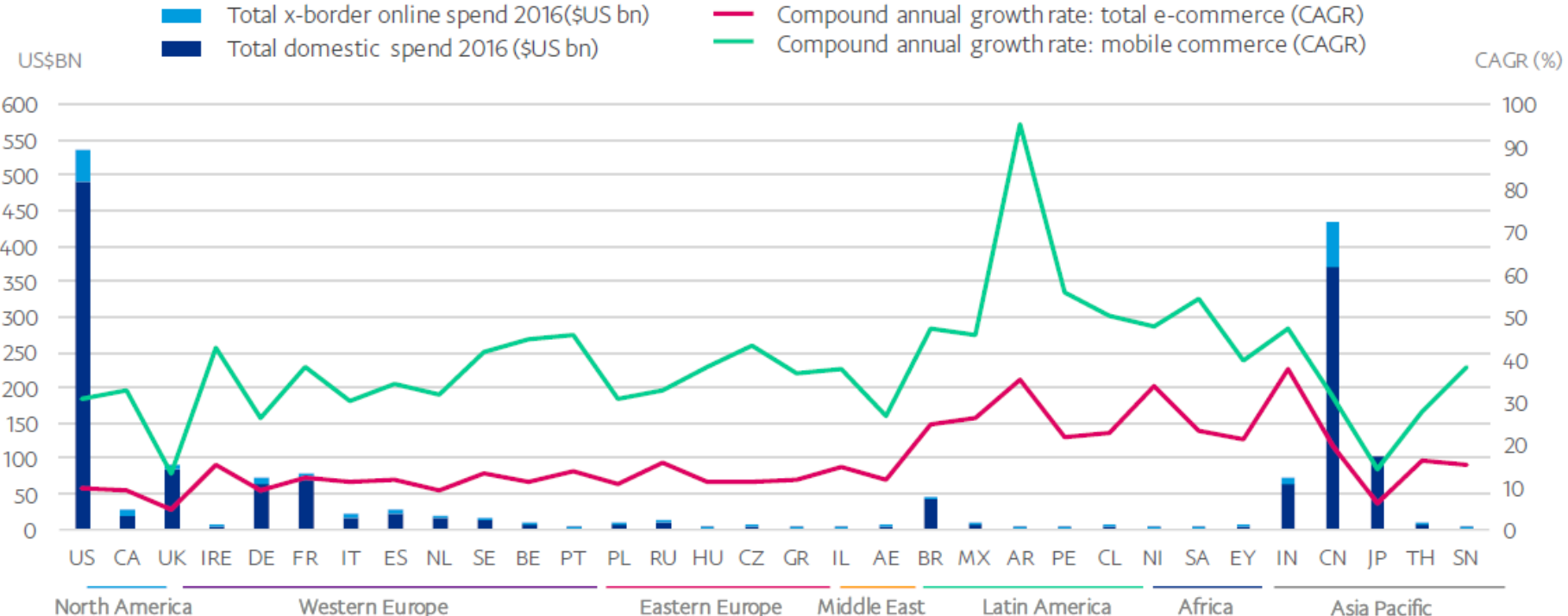


“309 million consumers bought cross-border last year and this number is expected to grow in 2015”

PT1. Update on Cross-border E-commerce Development

Online and cross-border commerce size and growth estimates

US and China are biggest markets in terms of online spend, but India is growing fast



For details on forecasting please see appendix

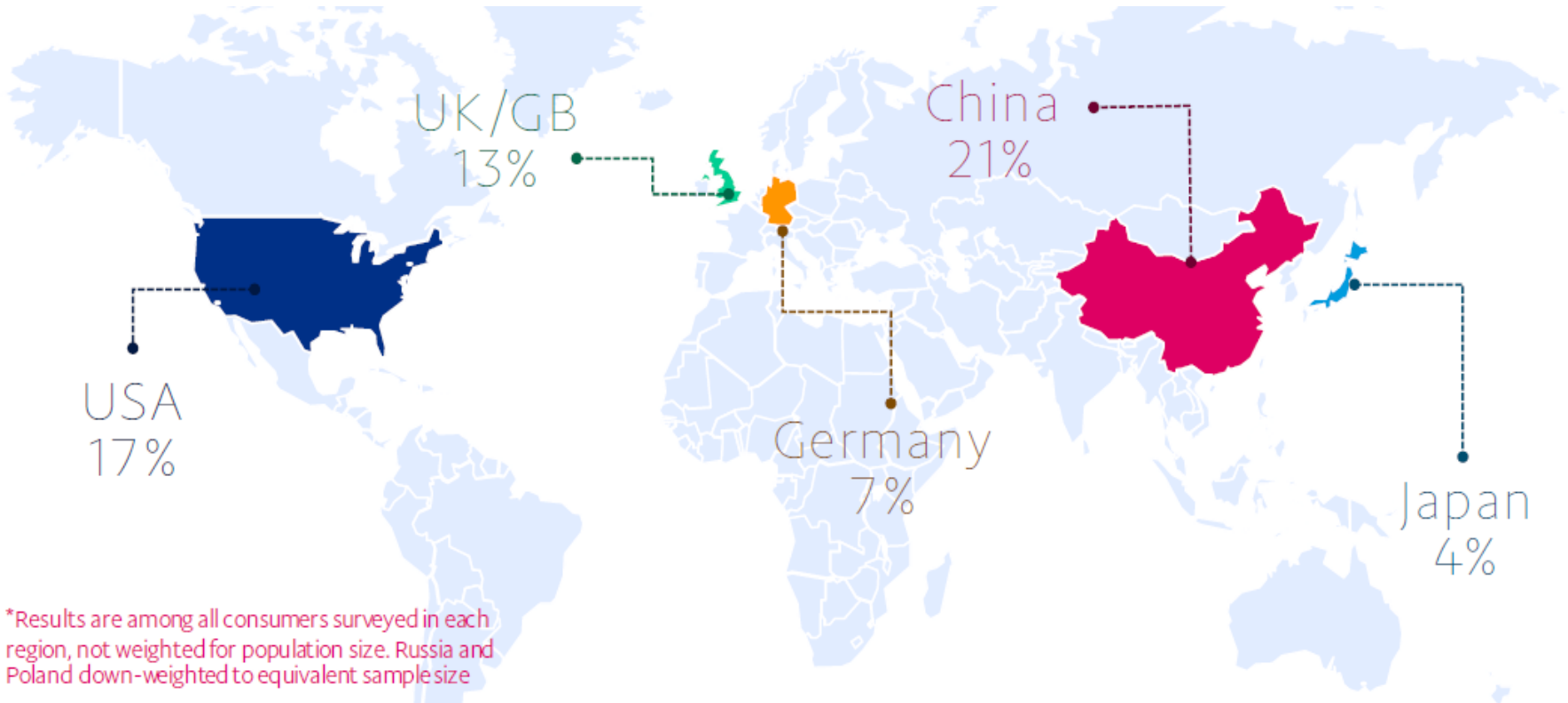
NB: Due to low incidences, no cross-border estimate has been made for Japan

Source: Ipsos PayPal Insights 2016 www.xxxx



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China was the most popular cross-border online purchase destination followed by the US and the UK

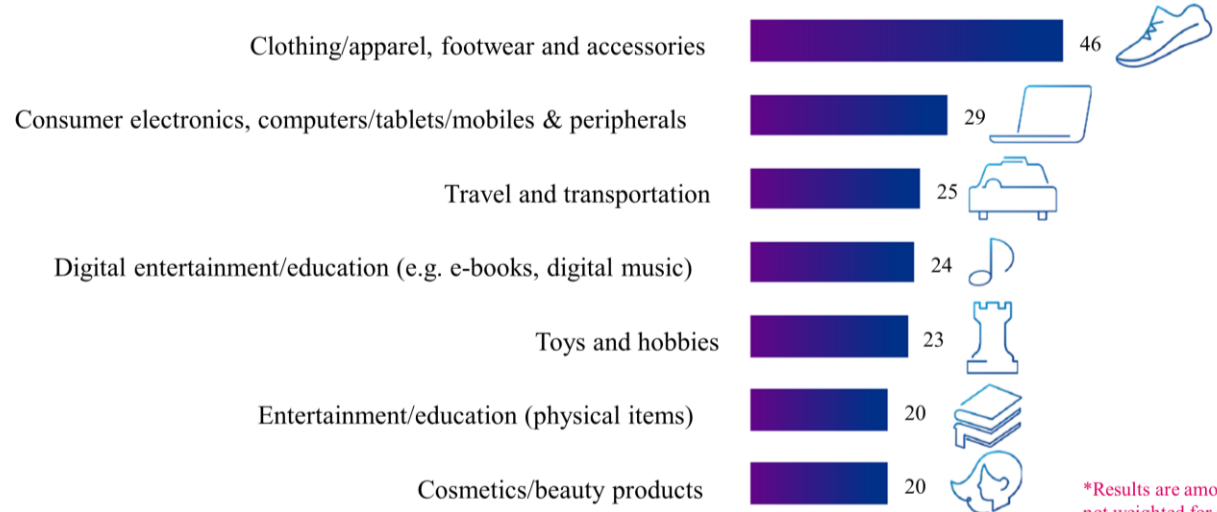


*Results are among all consumers surveyed in each region, not weighted for population size. Russia and Poland down-weighted to equivalent sample size

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Clothing and apparel is the most popular category for cross-border purchases globally followed by consumer electronics

Top cross-border categories among all online shoppers surveyed*
 (% of x-border shoppers shopping x-border in each category)



*Results are among all consumers surveyed, not weighted for population size. Russia and Poland down-weighted to equivalent sample size

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国家	网购消费者 (百万)	年均开支 (美元)	B2C (亿美元)	B2B (亿美元)
China	413	1,508	623	2,078
US	166	3,072	511	6,072
Japan	57	1,994	114	2,380
Germany	41	1,270	52	966
UK	38	4,539	174	709
Brazil	33	376	12	112
Russia	30	756	23	700
France	26	2,916	72	600
South Korea	22	2,120	48	969
India	22	891	20	298

跨境B2C的 电商市场的发展 **5** 大驱动因素

1 市场

当地消费品制造行业欠发达，呈现对境外消费品高需求。

2 市场

实体零售业欠发达，B2C电商及跨境B2C发展空间大。

3 市场

狭小的本土市场规模，依赖境外渠道通过跨境B2C电商实现市场覆盖。

4 技术

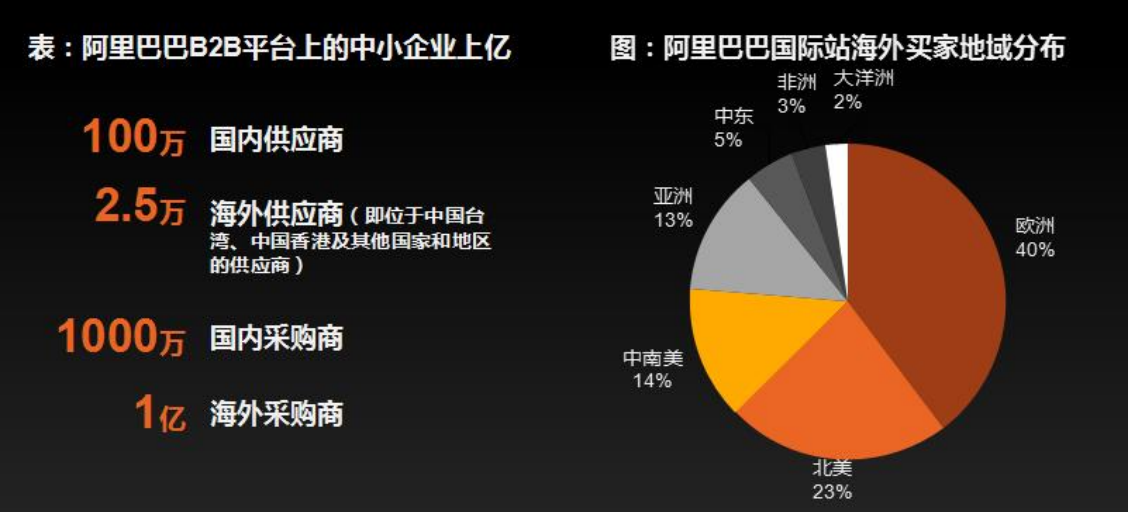
移动互联网的普及。

5 制度

贸易自由化、便利化，区域经济一体化。

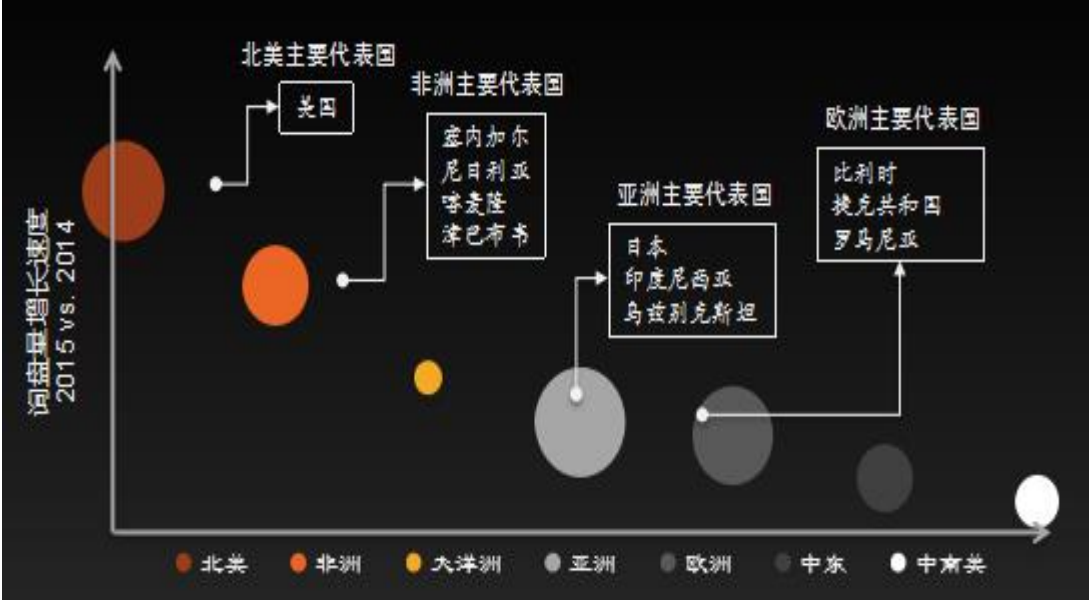
PT1. Update on Cross-border E-commerce Development

B2B overwhelmingly made up of approximately 70% of the E-commerce market share in China and kept growing rapidly



PT1. Update on Cross-border E-commerce Development

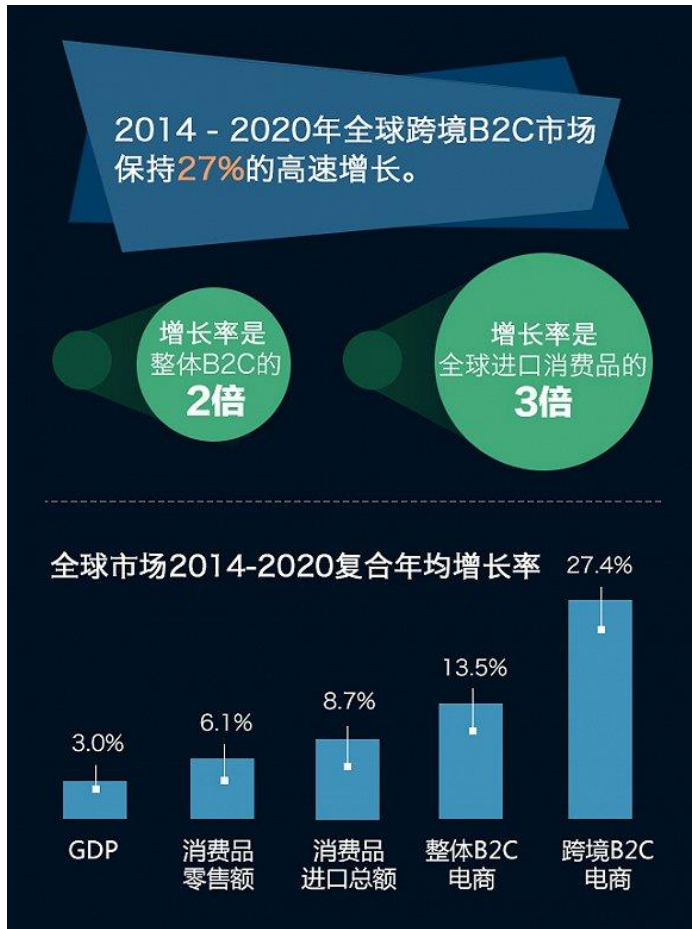
Facts about Alibaba's cross-border B2B business in 2015



PT2. Global trends regarding cross-border E-commerce



PT2. Global trends regarding cross-border E-commerce



PT 3. Central Asia cross-border E-commerce

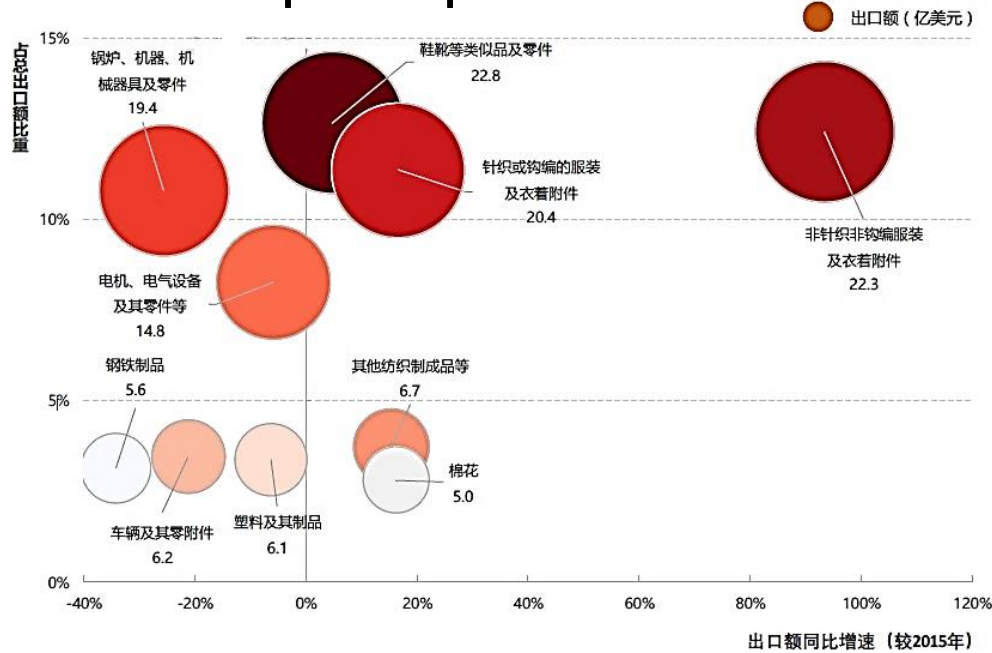
Population, GDP and trade of CAREC countries in 2016
(unit: population - 10 thousand; others – \$ 100 million)

CAREC countries	Population	GDP	Import	Export	Import&export	Trade with China
Pakistan	18987.0	2699.7	439.9	220.9	660.8	193.5
Afghanistan	3273.9	172.8	45.0	8.2	53.2	4.4
Kazakhstan	1794.7	1161.5	194.4	418.5	612.9	130.5
Uzbekistan	3134.3	616.5	99.3	56.5	155.8	36.4
Turkmenistan	546.3	354.0	55.0	92.7	147.7	59.0
Kyrgyzstan	605.9	60.3	39.2	15.4	54.6	57.1
Tajikistan	865.5	62.5	34.9	7.5	42.5	17.4
Azerbaijan	949.2	351.4	100.8	160.6	261.4	7.6
Mongolia	301.4	116.5	38.7	45.0	83.7	45.9

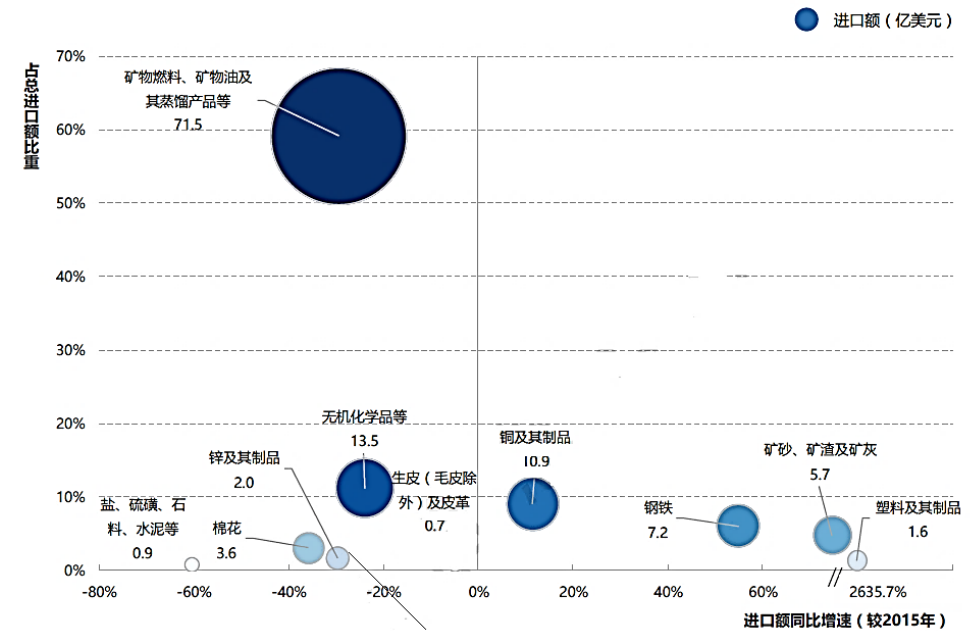
Central Asian countries are no big trade countries, which explains the slow development of their E-commerce.

PT 3. Central Asia cross-border E-commerce

China's top 10 exports to Central Asia in 2016



China's top 10 imports from Central Asia in 2016



Central Asia regional small-scale border trade made up of over 50% of the total trade making it suitable for developing cross-border E-commerce.

Export was suitable for developing B2C. Import was suitable for developing B2B.

PT 3. Central Asia cross-border E-commerce

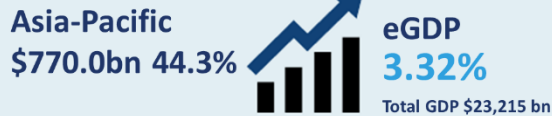


Asia-Pacific Key B2C E-commerce Data of Goods and Services at a Glance 2014



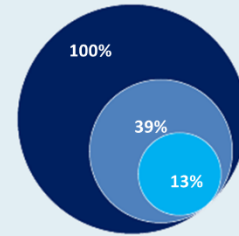
Asia-Pacific \$770.0 bn +44.3%
 Europe \$567.0 bn +13.9%
 North America \$522.9 bn +12.2%
 Latin America \$37.4 bn +18.2%
 MENA \$21.0 bn +21.5%

Total B2C E-commerce of Goods & Services 2014



Ranking covered Countries in turnover (in millions of USD)

1	China	\$538,128
2	Japan	\$135,507
3	Australia	\$21,000
4	South Korea	\$20,240
5	India	\$19,396
6	Indonesia	\$2,883



5,096 million people live in Asia Pacific
 1,608 million* people use the Internet
 523 million* people are e-shoppers
 *excluding people aged 0-14

Estimated share of 5.4% online goods in total retail of goods



574mn e-households

National e-commerce associations:



Average spending per e-shopper



Estimated 53% of active Internet users are on social media

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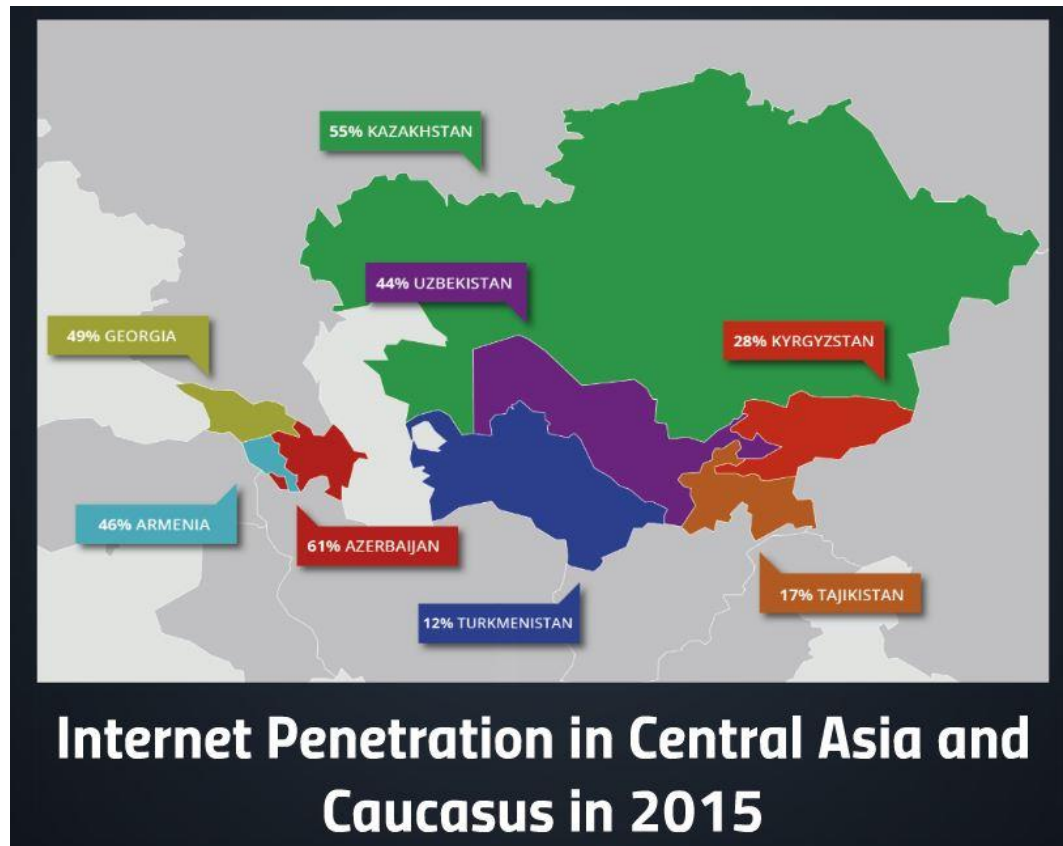
PT 3. Central Asia cross-border E-commerce

China's top 20 partners of cross-border E-commerce (export B2B) in 2015

排名	贸易规模	排名	贸易规模	排名	贸易增速	排名	贸易规模
1	美国	11	澳大利亚	1	拉脱维亚	11	西班牙
2	俄罗斯	12	乌克兰	2	智利	12	黎巴嫩
3	巴西	13	意大利	3	斯洛伐克	13	秘鲁
4	西班牙	14	土耳其	4	保加利亚	14	比利时
5	英国	15	波兰	5	斯洛文尼亚	15	匈牙利
6	加拿大	16	哈萨克	6	立陶宛	16	希腊
7	法国	17	荷兰	7	韩国	17	奥地利
8	以色列	18	瑞典	8	哈萨克	18	罗马尼亚
9	白俄罗斯	19	捷克	9	印度	19	葡萄牙
10	智利	20	德国	10	摩尔多瓦	20	爱沙尼亚

PT 3. Central Asia cross-border E-commerce

- Internet penetration in Central Asia and the Caucasus in 2015



B2C just emerged in Central Asia and the Caucasus where most countries suffered from a low internet penetration of below 50%. However, B2C was still promising in this region with enhanced infrastructure and promoted internet penetration.

PT 3. Central Asia cross-border E-commerce

- As shown in a 2015 report on B2C market in Central Asia and the Caucasus, B2C was only emerging in the region, but was expected to grow rapidly with enhanced local goods and infrastructure.
- Kazakhstan was the B2C leader of the region with yet significant potential to grow.
- Azerbaijan showed fast growth in B2C. As shown in the report, the online sales of the first 7 months of 2015 already topped the total online sales of 2014. Even so, B2C made up of less than 1% of the total retail sales. Representing approximately half of the internet users, young people under age 25 drove the development of internet and the growth of online shopping.
- In Uzbekistan, mobile technologies promoted internet penetration. International giants including aliexpress.com, eBay and Amazon.com dominated these markets sweeping off local online shopping platforms. With promoted internet penetration and enhanced payment infrastructure, B2C in these countries were expected to grow.

PT 3. Central Asia cross-border E-commerce

- The infrastructure had been established but barely put to use. It would be vital to develop mobile internet in order to promote E-commerce.
- It would also be vital to build a credit cyber society via legislation as lacking consumer trust had significantly held back the development of E-commerce.

Existing legislation in key areas of cyber laws

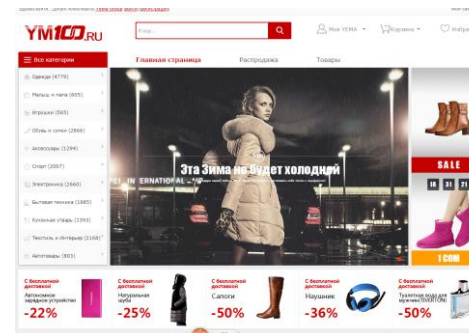
	Electronic transactions	Consumer protection	Privacy and data protection	Cybercrime
Afghanistan	(draft)	No	No	No
Azerbaijan	Yes	-	Yes	Yes
PRC	Yes	Yes	No	Yes
Kazakhstan	Yes	-	Yes	Yes
Kyrgyz Republic	Yes	-	Yes	-
Mongolia	Yes	-	-	-
Pakistan	Yes	-	(draft)	(draft)
Tajikistan	Yes	-	Yes	-
Turkmenistan	Yes	-	-	-
Uzbekistan	Yes	-	No	Yes

Source: UNCTAD 2015 (annex 3)

Note: - signifies "no data available"

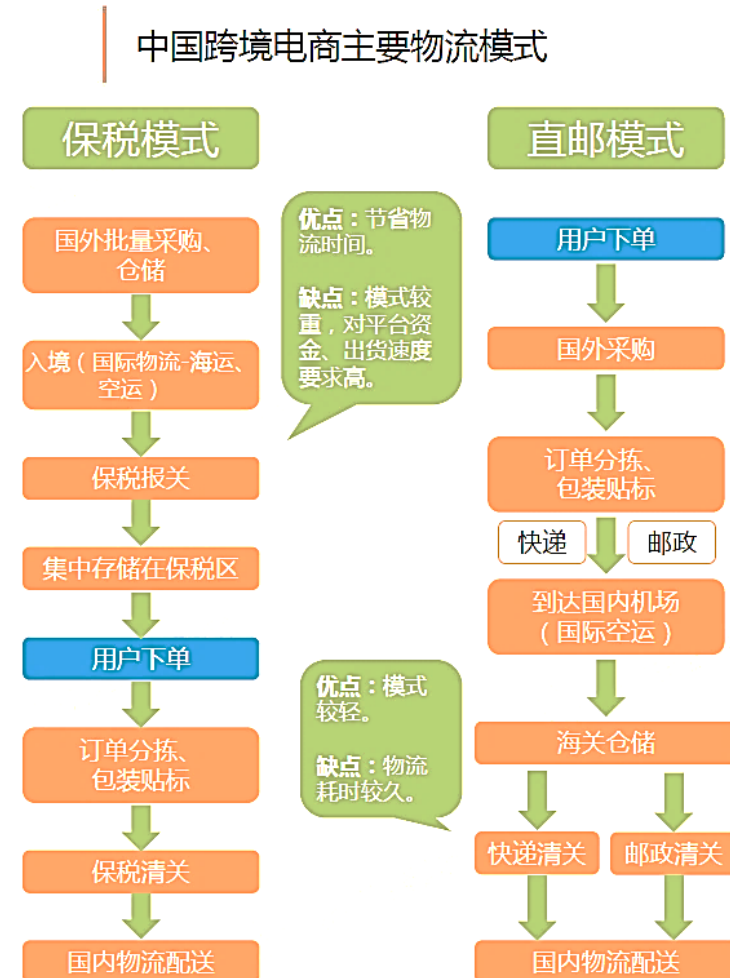
PT 4. Prospects for Central Asia cross-border E-commerce

- A new cross-border B2B online payment product co-created by three organizations came into place in 2017. It supports direct payment and collection with local currencies eliminating the US dollar as a payment agent and thus saving the time and cost associated with currency exchange. It also greatly increases the payment limit of a single transaction fulfilling the need to internationally purchase commodities online.
- There were approximately 4.8 million import & export packages passing Xinjiang in 2015. 4 million of them were exports, and the rest 800 thousand imports. 3.5 million out of the 4 million were exported to Russia while the rest 0.5 million to Kazakhstan. Deliveries from China to Kazakhstan kept increasing comprising over 30% of Kazakhstan's international packages.



PT 3. Central Asia cross-border E-commerce

- Issues regarding logistics:
- The more sales, the more international deliveries, the more customs work
- Single window: a possible solution
- A grey area for global anti-terrorism and anti-money laundering
- A bilateral agreement was signed between China Post and Kazakhstan Post on June 12, 2017.



PT 3. Central Asia cross-border E-commerce

- Why develop cross-border E-commerce? For two reasons: 1. Reduction of distance cost. Central Asia is the highest worldwide in trade cost due to its poor transportation conditions. 2. Involvement of insufficiently represented social groups such as women and rural entrepreneurs.
- Of all the CAREC countries, China is leading in E-commerce with 700 million users (twice as many as the US and Japan combined) in 2015. In 2018, China is anticipated to be the major driving force promoting global E-commerce.
- How can CAREC draw on China's experience and resources to develop cross-border E-commerce?

Thank you