



From Inventory based supply chain to time-based supply chain

——CAREC cross-border Supply chain planning and some
thoughts in light of B&R



Chongqing Jingyixing Supply
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1、 Four drivers for evolution of
global supply chain

2、 Cross-border supply chain planning
framework in B&R initiative.

3、 Challenges and opportunities in CAREC
cross-border supply Chain.



1、 Four drivers in the evolution of global supply chain——driver 1 : BRF



- We reiterate the importance of expanding economic growth, trade and investment based on a level-playing field, market rules and universally recognized international norms. We welcome the promotion of industrial cooperation, scientific and technological innovation, and regional economic cooperation and integration so as to increase, inter alia, the integration and participation of micro, small and medium enterprises in global value chains. Attention should be paid to tax and fiscal policies, prioritizing growth and productive investment. We stand for strengthening physical, institutional and people-to-people connectivity among all countries.



1. Four Drivers in Global Supply Chain Development — No. 1: BRF



- **Joint Communique of the OBOR Summit proposed 14 actions, including —**
- (4) Promote practical cooperation in areas including road, railway, port, sea and inland waterway shipping, air aviation, energy pipelines, power, submarine cable, optic fiber, telecom, ICT, etc. Welcome various **comprehensive corridor and international highway development**, initiatives including New Euro-Asia Land Bridge, Northern Sea Route across, CAREC Corridors, to establish **an international infrastructure network**.
- (5) To maximize the synergy among infrastructure planning and construction by **learning from international standards**, and **harmonize rules and tech standards when necessary**.
- (6) Deepen trade and economic cooperation, keep the authority and effectiveness of multi-lateral trade regimes, and **promote trade liberalization and facilitation**
- (7) To expand trade by nurturing new trade growth areas, promote trade balance, promote e-commerce and digital economy, and welcome interested countries to **develop FTZs and sign FTAs**.
- (8) To develop **global value chain** and **supply chain connectivity**, while ensuring safe production, strengthening social security, increase bilateral investment, enhance cooperation in industry, trade, industrial parks, cross-border economic zones, etc.
- (10) Strengthen information exchange on customs procedures, promote mutual recognition of control results, law enforcement interactions, and information sharing, and to strengthen customs cooperation through **harmonization of procedures, lowering costs**, etc. to promote **trade facilitation**, and promote IPR cooperation.



1、 Four Drivers in Global Supply Chain Development — No. 1: BRF



- To deepen pragmatic cooperation based on programs. Only actions can lead to realization.
- In **infrastructure connectivity**, to develop land corridors including railways and roads, to speed up seaport development, and to improve oil pipelines, power transmission, ITC networks, etc.
- In **real economy cooperation**, to massively develop economic corridors, and develop economic and industrial parks, in order to promote investment, industry clusters and employment, and to develop based on innovation.
- In **liberalization and facilitation of trade and investment**, to develop **FTZs**, and to **enhance compatibility among various rules and standard systems**, in order to provide a better business environment and unleash positive impact from connectivity.
- In **financial cooperation**, to expand financing channels, innovate financial modality, reducing financing costs and to make breakthroughs on financing.

—————**President Xi Jinping's Opening Remarks on the OBOR Summit**



1、 Four Drivers in Global Supply Chain Development — No. 1: BRF

- **Industry is the foundation of economy.** We shall deepen industrial cooperation, so that industry plans of various countries can be better coordinated, deepen cooperation on international machinery and equipment manufacturing, develop new business models and maintain the growth momentum.
- **Finance is the blood modern economy.** We shall develop a stable and sustainable financial system with controllable risks. We shall innovate investment and financing modalities, promote PPP, develop a diversified and multi-level capital market, develop inclusive finance and improve the overall financial networks.
- **Connectivity is the foundation of cooperation.** We shall develop connectivity on the land, on the sea, in the sky and on the internet. We shall focus on key corridors, cities, projects, etc.
- **Trade is a key driver for economic growth.** We shall “look outside” , protect multilateral trade regimes, promote the development of FTZs and promote liberalization and facilitation of trade and investment.



President Xi Jinping's
Opening Remarks on the
OBOR Summit



1、 Four Drivers in Global Supply Chain Development — No. 1: BRF

■ Six economic corridors as the strategic backbones of OBOR, connecting over 60 countries en route.

- ① PRC – MON Economic Corridor
- ② **The 2nd Euro Asia Land Bridge**
- ③ **Central West Asia Economic Corridor**
- ④ Indo-China Peninsula Economic Corridor
- ⑤ PRC – PAK Economic Corridor
- ⑥ BCIM



China—Central Asia—West Asia Corridor starts from Xinjiang, and reaches the Persian Gulf, including five Central Asian Countries (KAZ, KYG, TAJ, UZE, TKM), Iran, Turkey, etc.



1. Four Drivers in Global Supply Chain Development — No. 2 : AIIB



- ✓ Oct 2, 2013, proposed by President Xi Jinping
- ✓ Oct 24, 2014, 21 founding member countries including China, India, Singapore, etc. signed agreement in Beijing on the establishment of AIIB.
- ✓ December 25, 2015, **AIIB** was officially established.
- ✓ By May 13, 2017, there are 77 member countries of AIIB.
- ✓ The first multilateral financial institution established on China' initiative, with HQ in Beijing and 100 billion USD contributed capital



1. Four Drivers in Global Supply Chain Development — No. 2 : AIIB

- ✓ **Contribute 100 bn RMB** to Silk Road Fund
- ✓ CDB, and EXIM Bank provided **250 bn RMB** and **130 bn RMB** ear marked loans to support OBOR cooperation on infrastructure, industry and financial sector.
- ✓ To provide **60 bn** RMB of assistance to developing countries and international organizations on OBOR.
- ✓ To provide **2 bn** RMB of emergency food aid to OBOR countries.
- ✓ To increase contribution to South-South Cooperation Fund by **1 bn USD**



1. Four Drivers in Global Supply Chain Development — No. 2 : CRE



- Sharp increase of China-EU Railway Express. 2016 has seen 109% increase of CRE, totaling 1702 trips, 1.3 times of the total trips for five years since its start in 2011. By mid May, CRE has totaled over 1000 trips.
- May 19, 2017, CRE X8086 from Chengdu to Tilburg of Holland was the 4000th trip of CRE.
- **More companies see CRE as a key element in China-EU logistic supply chain. In 2017, back haul trips increases, with 346 trips, up by 158% YOY.**
- Currently, there are 51 scheduled CRE, from 28 Chinese cities to 11 EU countries and 29 EU cities.

1. Four Drivers in Global Supply Chain Development — No. 2 : CRE



■ CRE Development Plan 2016-2020 proposed three major corridors, the east, the central and the west corridors.

■ **A harmonized regulatory system.** Actively promote cooperation with IUR, WCO, UPU, to harmonize and mutually recognize of rules and tech standards, including **document formats, cargo security, insurance claims, customs facilitation, data sharing, etc.** so as to enhance quality and efficiency of railway transport.

资料来源：《中欧班列建设发展规划（2016—2020年）》

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1. Four Drivers in Global Supply Chain Development — No. 3 : FTA

Shanghai,
Tianjin, Fujian, Liaoning, Guangdong,
Zhejiang, Henan, Hubei, Chongqing,
Sichuan, Shaanxi



Currently, China's 1+3+7 FTAs serves as a key strategic support to OBOR. Four FTAs, namely Shanghai, Guangdong, Tianjing and Fujian will focusing on cooperation with OBOR. 7 new FTAs will focus on coordinating with OBOR



1. Four Drivers in Global Supply Chain Development — No. 3 : FTA

已签协议的自贸区

- 中国-格鲁吉亚
- 中国-韩国
- 中国-冰岛
- 中国-秘鲁
- 中国-新西兰
- 中国-巴基斯坦
- 内地与港澳更紧密经贸关系安排
- 中国-澳大利亚
- 中国-瑞士
- 中国-哥斯达黎加
- 中国-新加坡
- 中国-智利
- 中国-东盟
- 中国-东盟 (“10+1”) 升级

正在谈判的自贸区

- 《区域全面经济伙伴关系协定》(RCEP)
- 中国-海合会
- 中日韩
- 中国-斯里兰卡
- 中国-马尔代夫
- 中国-以色列
- 中国-挪威
- 中国-巴基斯坦自贸协定第二阶段谈判
- 中国-新加坡自贸协定升级谈判
- 中国-新西兰自贸协定升级谈判
- 中国-智利自贸协定升级谈判

正在研究的自贸区

- 中国-哥伦比亚
- 中国-摩尔多瓦
- 中国-斐济
- 中国-尼泊尔
- 中国-巴新
- 中国-加拿大
- 中国-孟加拉
- 中国-毛里求斯
- 中国-蒙古
- 中国-秘鲁自贸协定升级联合研究
- 中国-瑞士自贸协定升级联合研究

优惠贸易安排

亚太贸易协定

China has so far signed 15 FTAs, covering 23 countries/regions.

<http://www.leango.cn>

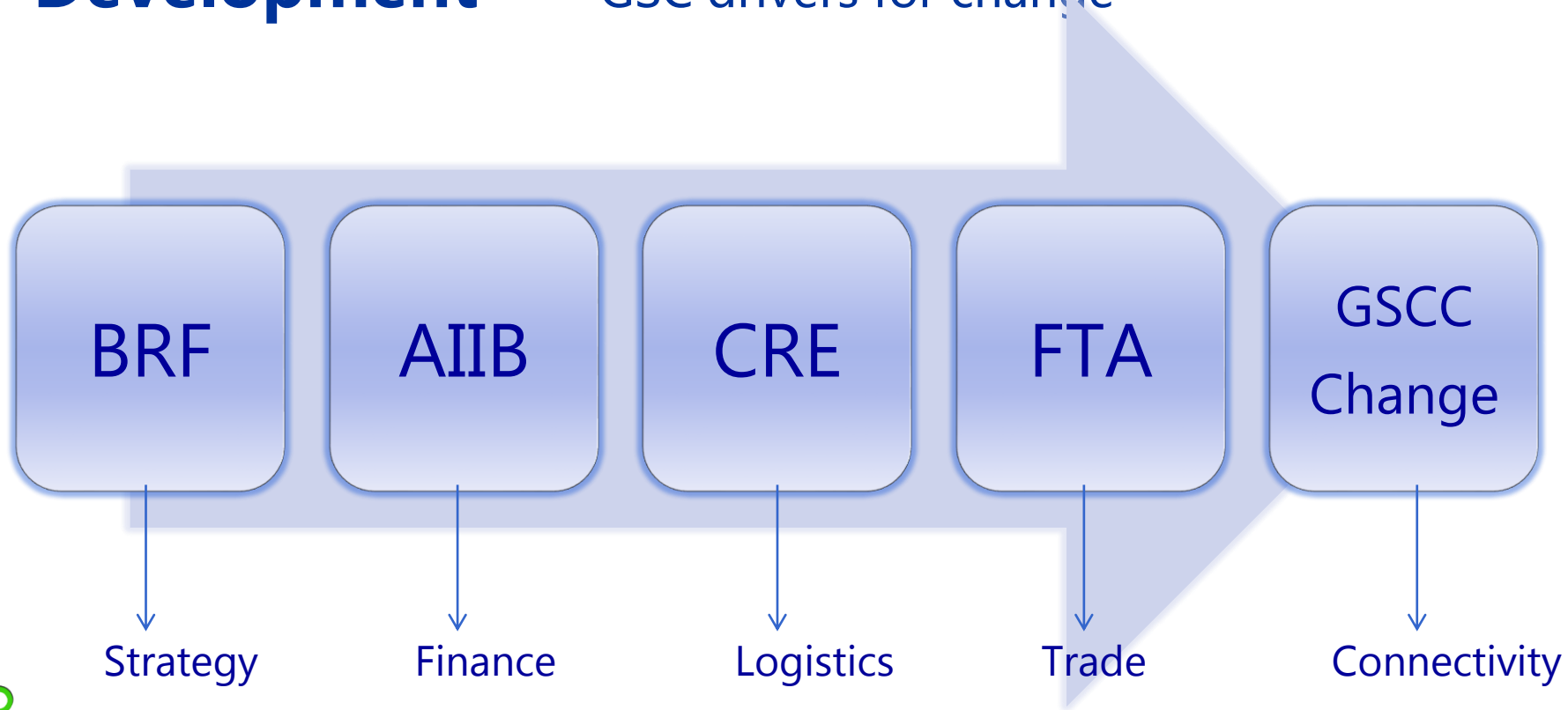
资料来源：中国自由贸易服务网 <http://fta.mofcom.gov.cn>

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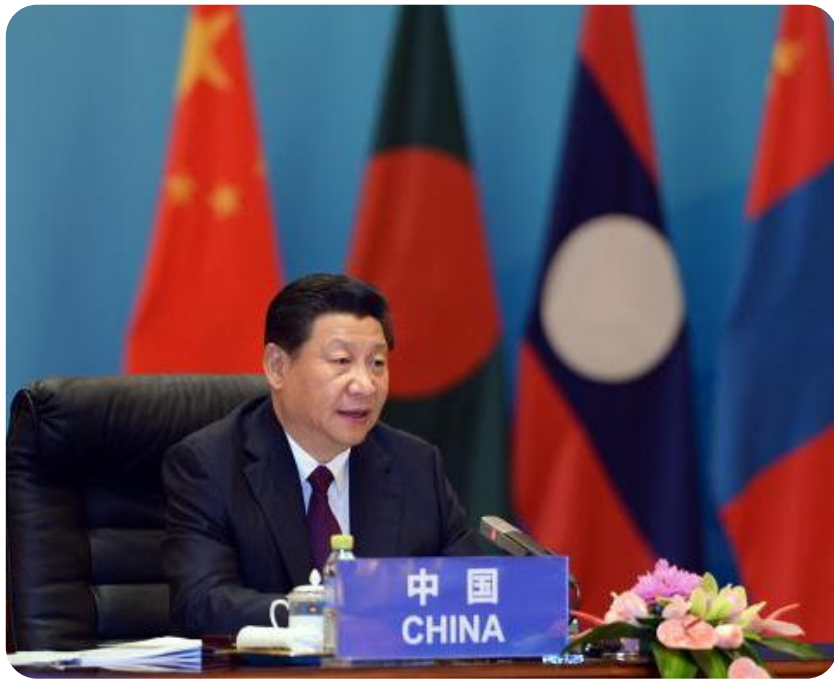
1、 Four Drivers in Global Supply Chain Development

——GSC drivers for change



1、 Four Drivers in Global Supply Chain Development

——GSC drivers for change



Connectivity is more than building roads or bridges. It should include **infrastructure, regulations, and human resources**, focusing on **policies, infrastructure, trade, finance and people's understanding**. It shall be a comprehensive, enthusiastic and collective effort. ——Xi Jinping



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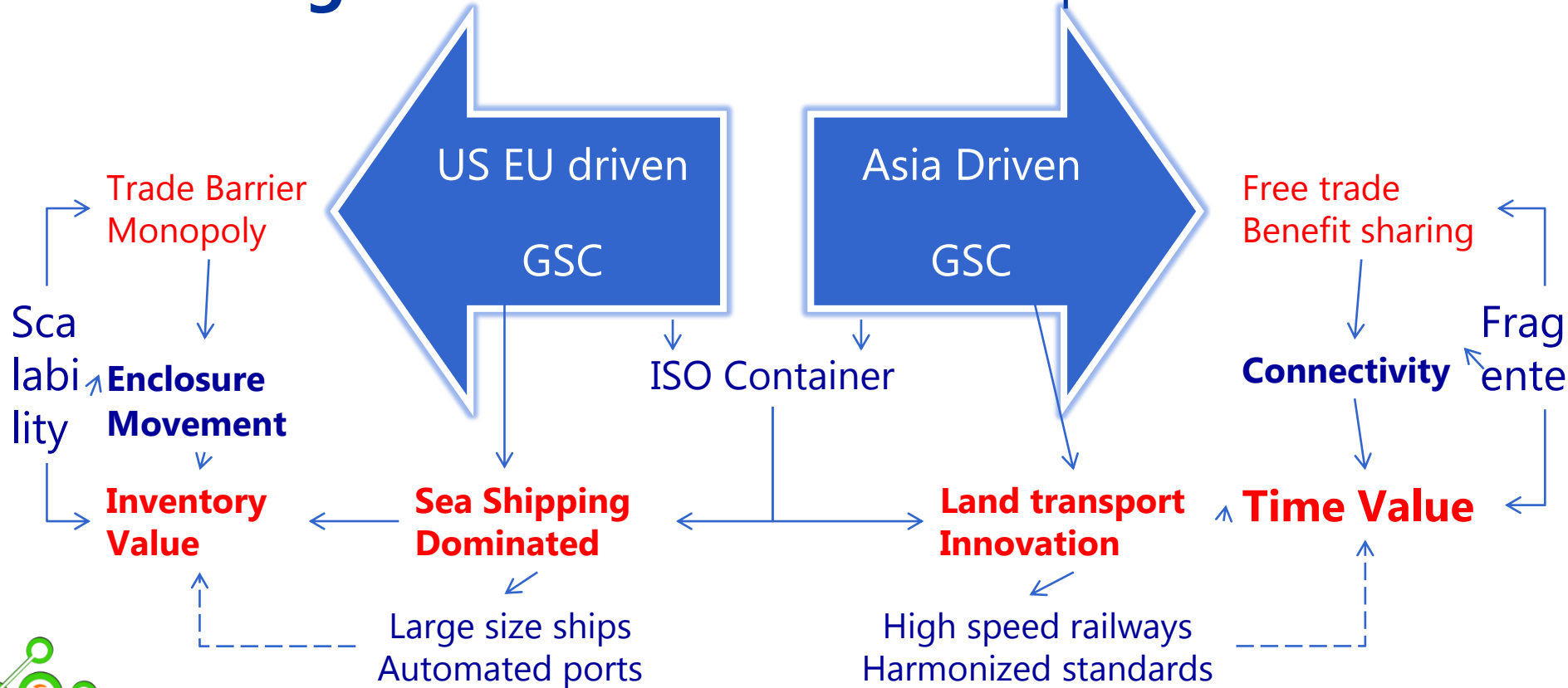
1、 Four Drivers in Global Supply Chain
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2、 OBOR Cross Border Supply Chain
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3、 Opportunities and Challenges for
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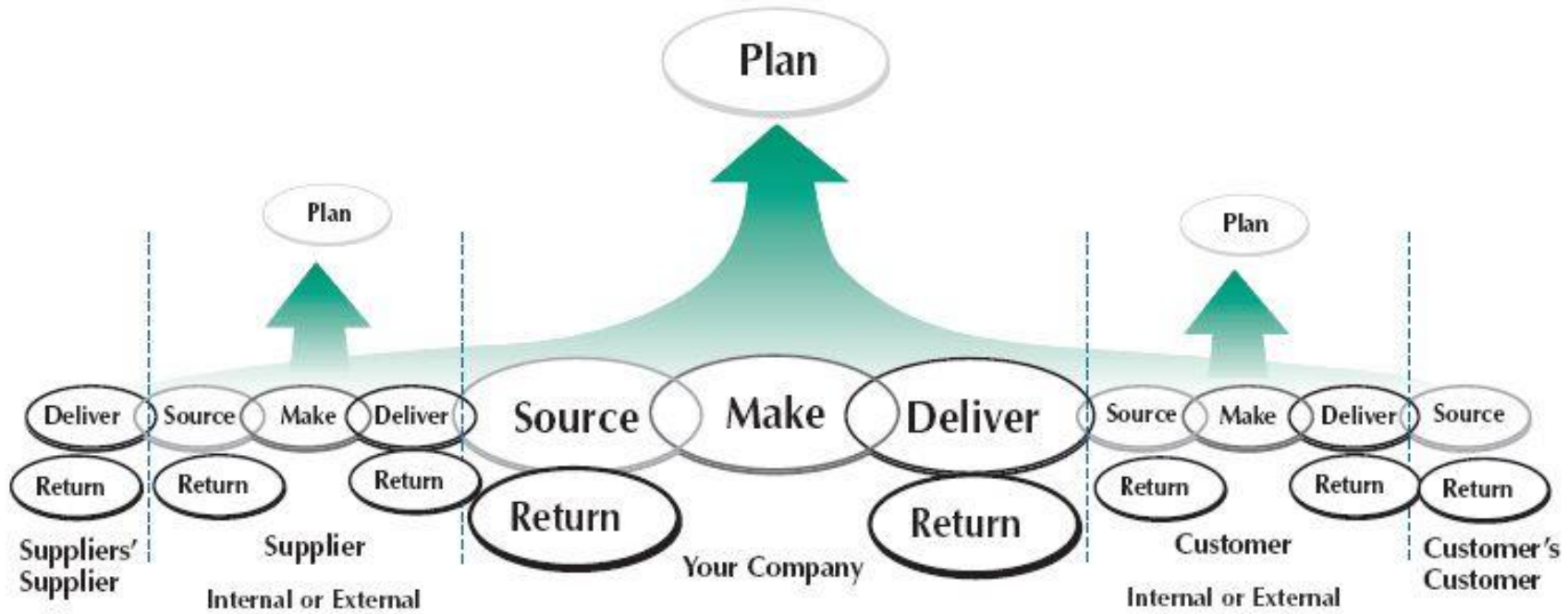
2、OBOR Cross Border Supply Chain Planning Framework——GSC Development



2、OBOR Cross Border Supply Chain

Planning Framework——Inventory based supply chain

SCOR is Based on Five Distinct Management Processes



资料来源：国际供应链协会 (Supply-Chain Council)

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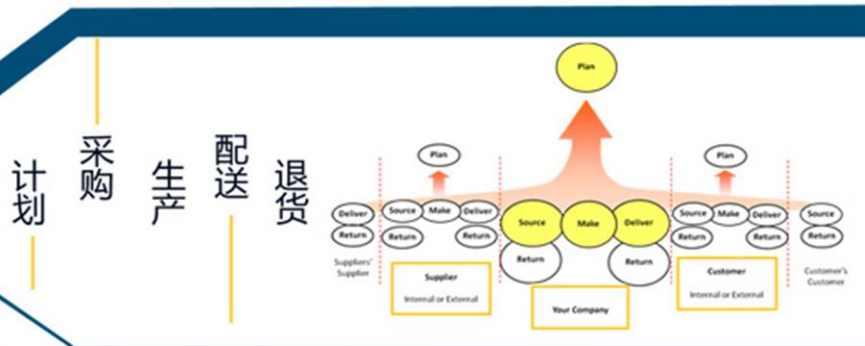


2、OBOR Cross Border Supply Chain Planning Framework

—Inventory based supply chain



scor[®]
Supply Chain Operations
Reference model



The traditional inventory based SC focuses on planning, procurement, production, distribution and returns, including procedures, indicators, HR and best practice.

流程定义

绩效衡量指标

人力资源

最佳实践

CEO/COO

第一层： 流程 “分类”

副总裁

第二层： 流程 “细分与架构”

总监

第三层： 流程 “元素”

经理

第四层： 流程 “实施细节”

系统

第五层： “信息流”

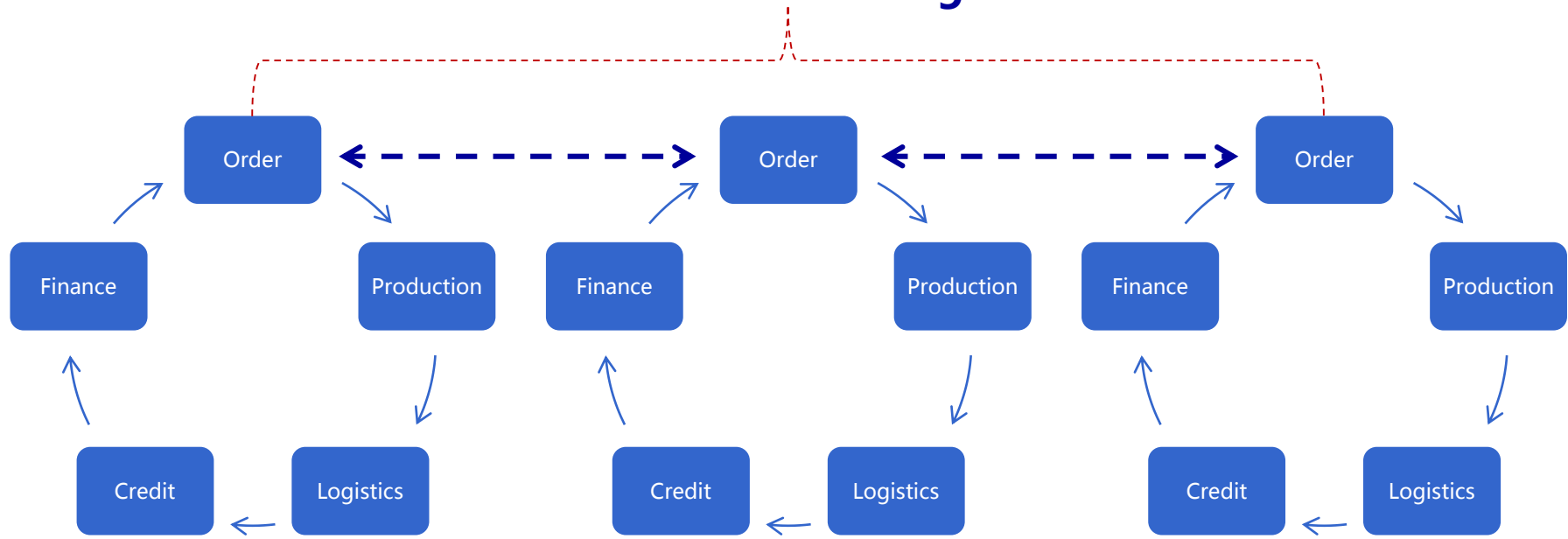
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2、OBOR Cross Border Supply Chain Planning Framework——time based SC planning

Time is King



Your supplier

Your company

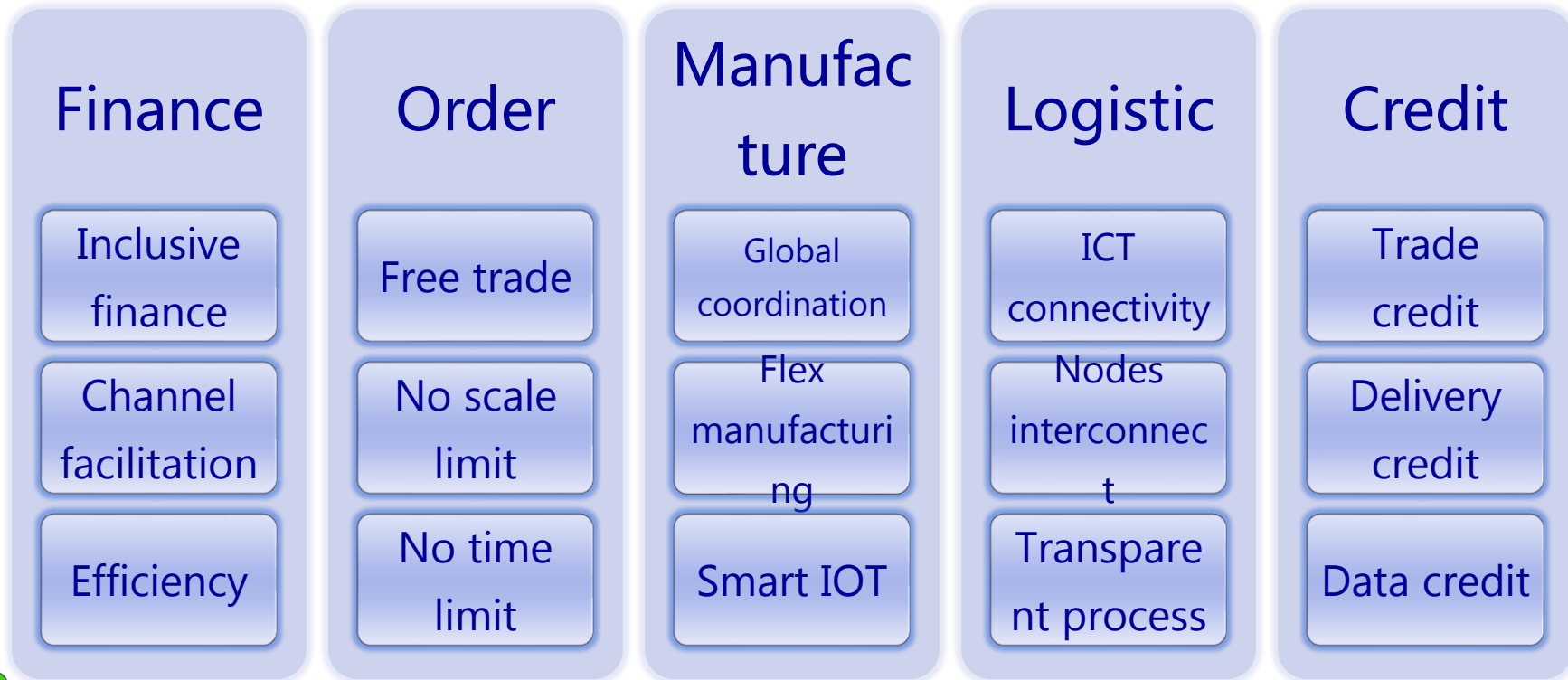
Your client



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2、OBOR Cross Border Supply Chain Planning Framework——time based SC planning



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3、 Opportunities and Challenges for CAREC CB Supply Chain — Opportunity: Time Value



F

- More diversified and inclusive financing, in larger scale, more targeted, huge potential in increasing overall efficiency of GSC

O

- With facilitated and liberalized int'l trade environment, infrastructure development brings GSC orders,, which drive CB logistic orders

M

- CB investment, esp. industry parks, will promote SC cross-border coordination
- Smart manufacturing, IOT, mobile internet greatly improve productivity

L

- Investment on logistic infrastructure increases efficiency of the whole SC
- Logistic transparency and mobile IOT greatly increase logistic management efficiency

C

- Int'l credit based on quality of int'l trade and logistic delivery generated through big data further increases financial efficiency.



3、 CAREC Cross-Border Supply Chain Opportunities and Challenges - Challenges



industrial
distribution

free trade

infrastructure

standard
system

credit
mechanism

talent team



Conclusions and Recommendations

- For CAREC, the key word to better serve the regional supply chain development under the Belt and Road Initiative is “timeliness” instead of “inventory” of traditional supply chain.
- CAREC member manufacturers and cross-border e-commerce businesses should focus on building the timely supply chain composed of the five key points, deepen cooperation, enhance supply chain planning and standardization and promote CAREC trade and logistics facilitation.
- Making best use of the CPMM and CFCFA advantages, CFCFA should strengthen its role in enhancing the cross-border supply chain planning and standardization and encourage logistics companies and industrial associations to make innovations.





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An aerial photograph showing two people shaking hands over a large, light blue world map. The person on the left is wearing a light blue shirt and dark pants, while the person on the right is wearing a white shirt and dark pants. The map is tilted slightly to the right.

THANKS!

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