

Enhancing Cooperation in Digital Trade

21-30 SEPTEMBER 2021



E-Commerce Development and the Role of the Private Sector – Experience from the People’s Republic of China

22 September 2021

1. The event was jointly organized by ADB, the People’s Republic of China (PRC) Ministry of Commerce (MOFCOM), and the ADB-PRC Regional Knowledge Sharing Initiative. Mr. Yu Benlin, Director General, Department of International Trade and Economic Affairs, MOFCOM and Ms. M. Teresa Kho, Director General, East Asia Department, ADB, co-chaired the webinar. DG Yu observed how e-commerce has revolutionized business operations, diversified the marketplace, facilitated pandemic response, and improved accessibility throughout the world, including for SMEs and agriculture, which in the PRC helped eradicate poverty. As new technologies come, new challenges and opportunities will require deepened cooperation for mutual benefit. DG Kho highlighted how PRC’s success provides useful lessons of broader digitalization, infrastructure, and policies for e-commerce development, with both the government and private sector playing essential roles; and that ADB is eager to continue supporting CAREC to develop its e-commerce and achieve the objectives of CITA 2030.

Session 1: Policy and Coordination Initiatives

2. **Emma Fan**, Director, Public Management, Financial Sector, and Regional Cooperation Division, East Asia Department, ADB, moderator for the session, comprising three speakers: (i) Ms. **Wang Huimin**, Deputy Director, Institute of Credit Research, Chinese Academy of International Trade and Economic Cooperation; (ii) Ms. **Chen Yiwei**, Director, Department of Electronic Commerce and Informatization, PRC MOFCOM; and (iii) **Yi Hong**, Rotating Chairman, GMS Cross-border E-commerce Cooperation Platform Enterprise Alliance.

3. Ms. **Wang Huimin** discussed Cross-border E-Commerce Policies in PRC. Cross-Border E-Commerce Comprehensive Pilot Areas were established since 2015 to test policies and technologies, and now number 105 nationwide. These showed success in (i) cross-border e-commerce public service (online) and industrial cluster development (offline) platforms, (ii) information-sharing, financial service, intelligent logistics, credit, statistical monitoring, and risk control systems, (iii) cross-border e-commerce market entities, (iv) overseas warehouses and services using advanced technology, and (v) application of new technologies, making data an element of innovation for enterprises. Legislation and policy played an important role from the beginning, also in planning and programming, at both national and local level.

4. Ms. **Chen Yiwei** presented Silk Road E-Commerce Cooperation, a key measure under the Belt and Road initiative, that leverages the comparative advantages of partner countries to jointly seize the opportunities of digitalization. Since 2016 PRC has signed e-commerce bilateral cooperation memorandums with 22 countries, to (i) strengthen policy coordination through meetings and routine exchanges on developments, (ii) enhance business cooperation, through operational support, seminars, expos and forums (iii) construct trade infrastructure such as warehouses, (iv) conduct research, (v) build capacity through online training and cooperation with

think tanks, (vi) participate in multilateral consultations on e-commerce, (vii) support pandemic control, and (viii) poverty alleviation through digital transformation of agriculture. The last entails building e-commerce infrastructure in rural areas, developing agricultural product brands, and supporting the poor in the use of e-commerce platforms.

5. Mr. **Yi Hong** presented the Greater Mekong Subregion (GMS) Cross-Border E-commerce Cooperation Platform, which was established in 2015 by the 6 GMS countries. An enterprise alliance was formed in 2016, and the platform started operations; it set up branches in each GMS country and now more than 500 enterprises participate. In 2020 it was upgraded into a digital commerce platform. Functionalities now include big data services for 24 industries, cross-border investment and financing, videoconferencing, livestreaming and instant messaging, and AI-based automatic translation in 10 languages. Among the difficulties encountered in setting it up are the weak logistics and online payments infrastructure in 5 GMS countries, and companies' lack of expertise in cross-border trade.

Session 2: Private Sector Case Studies

6. Ms. **Zhu Yuping**, First Secretary, Department of Trade and Economic Affairs, PRC MOFCOM moderated the second session.

7. Mr. **Zhu Zheng**, Vice President and Head of Poverty Alleviation and Rural Revitalization Strategic Committee of Pinduoduo, presented Supporting Poverty Alleviation through E-Commerce. E-commerce in China began with IT infrastructure and broadband platforms established in rural areas in 1994, reaching maturity in 2014 as central government actively promoted rural e-commerce and large e-commerce companies followed a "go to the rural areas" campaign. The higher educational level of the rural population was also good for demand and supply. Pinduoduo, among the largest e-commerce platforms in China, provides IT and training to rural areas, builds brands, and promotes integration with industry, and facilitates rural one-stop logistics with warehouse and cold chain networks, platforms, and supply chain finance. Using 5 innovations in "grouping farming goods model", it promotes online sales of rural products as they are produced.

8. Mr. **Zhu Xiaosong**, President, LianLian Global presented E-Payment. LianLian is a one-stop cross-border payment collection platform, and differs from conventional ones Alipay or Tencent in several respects: (i) it has a merchant rather than consumer focus; (ii) it is technology-focused and deals only in online business, rather than traditional off-line product payments; and (iii) it does not have a side market or product of its own to sell but only helps its client-merchants to collect money, as an independent third party payment-only company. It has payment licenses in over 60 countries, is used by 70+ marketplaces including Amazon, Lazada, Shopee, JD, etc. and supports 11 major currencies, partners with financial organizations, and provides value-added and foreign exchange services. As for the prospects for e-payment in Central Asia, there is a great future, but technology infrastructure is a big challenge; regulations are also crucial for boosting e-payment; and there is need to understand the risks of cross-border trade.

9. Mr. **Liu Jinghan**, Vice President of Jointown Pharmaceutical, presented Fighting COVID-19 through E-Commerce. Jointown is one of the largest list pharmaceutical companies in China. During the COVID-19 pandemic, it applied digital technology to provide (i) telemedicine to connect pharmacies, doctors, and patients, (ii) online cloud hospitals to issue prescriptions, (iii) medical insurance settlement and medical delivery services, and (iv) cloud warehouse for Red Cross to manage the logistics of pandemic control materials. It also joined operations with Alibaba to ensure pharmaceutical supplies reached patients.

10. Representatives from two local e-commerce agricultural companies also shared their experiences in helping farmers through e-commerce platforms. Ms. **Deng Jing**, General Manager of Datang Silu relayed that they expand sales channels by working with Taobao and JD and generate supply side cooperation for international sales through communications and events. Mr. **Li Luyu**, General Manager of Serindia Legend, explained that e-commerce as a service industry needs to integrate with primary and secondary, which is where the difficulties lie, i.e., marketability and marketing lag in the primary sector, while poor processing affects the secondary.

Closing Remarks

11. Mr. **Yang Zhengwei**, Deputy Director General, Department of International Trade and Economic Affairs, PRC MOFCOM, closed the event with key lessons. First, opening up policy is required. Cross-border e-commerce Comprehensive Pilot Areas were instrumental. Second, better business environment, i.e., streamlined procedures, improved public services, infrastructure including information systems, corporate social responsibility. Third, regional cooperation, for ecommerce connectivity with many partners. He echoed DG Kho's suggestion to explore the possibility of a platform for CAREC ecommerce cooperation for policy exchange and experience sharing among public and private sectors.

Presentation materials are available at the: <https://www.carecprogram.org/?event=e-commerce-development-and-the-role-of-the-private-sector-experience-from-the-peoples-republic-of-china>

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