

# BUSINESSFOCUS

BUILDING THE NEW ERA

## New but already important channel for trade

Chartered flights, overseas warehouses, super logistics ... cross-border e-commerce grows by leaps and bounds

By FAN FEIFEI in Beijing and YANG JUN in Guiyang

That cross-border e-commerce has been gaining momentum in China is well known. But what is not so well known is that this relatively new format in international shopping is growing against odds like the COVID-19 pandemic. What's more, it is instrumental in stabilizing and accelerating the development of foreign trade in an innovative way, industry experts said.

As a new form of foreign trade, cross-border e-commerce is expected to play a bigger role in accelerating the digitalization push of traditional small and medium-sized enterprises, they said.

Southwest China's Guizhou province has recently established its first cross-border e-commerce college. The college was launched by Bijie Industry Polytechnic College and Guizhou Umfree Technology Co Ltd, a local cross-border e-commerce enterprise, with the aim of cultivating cross-border e-commerce talent in the province.

Li Yong, Party secretary of Bijie Industry Polytechnic College, said the college would not only bolster the development of cross-border e-commerce in Bijie but also help build brands of agricultural products and promote rural revitalization.

The move is also of great significance for exploring a new cooperation mode between the education sector and business, transforming the training system of technical talent and enriching vocational education, Li said. At present, the cross-border e-commerce curriculum covers big data, e-commerce, digital media and information security.

Xiao Longfei, chairman of Guizhou Umfree Technology, said the key objective of the college is to cultivate cross-border e-commerce professionals. The company, he said, hopes to build Bijie Industry Polytechnic College into a training base for cross-border e-commerce talent.

Established in 2016, Guizhou Umfree Technology is mainly engaged in the importing of skincare products, maternal and baby products, wine, other foods, household and personal care products. It owns 15 brick-and-mortar stores and has established overseas warehouses in Amsterdam in the Netherlands.

Xiao said the company would make full use of its own resources by hiring industry experts and teachers to offer a series of core learning modules, including cross-border e-commerce marketing planning, customer service, supply management, warehousing, logistics, procurement, Customs clearance, online shop operation and online promotions.

It will also invite relevant experts and teachers to carry out training and exchanges, and organize teachers and students to visit the enterprise, he said.



An employee prepares packages for cross-border e-commerce orders at a warehouse in Lianyungang, Jiangsu province in October. GENG YUHE / FOR CHINA DAILY

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current overall number of cross-border e-commerce pilot zones in China, covering almost all provincial-level regions

In January, China issued a guideline to support Guizhou in breaking new ground in the country's pursuit of fast development of its western regions in the new era. The guideline, released by the State Council, China's Cabinet, underscored the importance of promoting the construction of an inland open-economy pilot zone and developing the digital economy.

Guizhou is not the first province to establish a cross-border e-commerce college. China (Hangzhou) cross-border e-commerce college was established by Zhejiang Gongshang University and China (Hangzhou) Cross-border E-commerce Comprehensive Pilot Area in Hangzhou, capital of Zhejiang province, in 2017.

As one of the earliest universities engaged in e-commerce research in China, Zhejiang Gongshang University is the only university in Zhejiang that offers bachelor's, master's and doctoral degrees in cross-border e-commerce.

"The establishment of the cross-border e-commerce college will help alleviate talent shortages and lay a foundation for the long-term healthy

and rapid development of the cross-border e-commerce industry," said Zhang Zhouping, a senior analyst on business-to-business and cross-border activities at the Internet Economy Institute, a domestic consultancy.

Zhang said cross-border e-commerce is set to play a bigger role in bolstering the development of foreign trade during the 14th Five-Year Plan period (2021-25).

Digital transformation has emerged as a key pathway to hedge against the impact of the pandemic on traditional trade, Zhang said, noting more and more enterprises have attached great importance to cross-border e-commerce as it becomes a vital channel for foreign trade enterprises to access new markets.

China's cross-border e-commerce, which features online marketing, online transactions and contactless payments, has been growing exponentially over the past few years, particularly during the last two years when the pandemic impeded business travel and face-to-face contact.

The Ministry of Finance and seven other central departments on Monday issued an announcement to optimize and adjust the imported retail goods list for cross-border e-commerce from March 1.

A total of 29 commodities with strong demand from consumers in recent years, such as ski equipment, dishwashers and tomato juice, have been added to the

imported products list, said the announcement.

Earlier this month, the State Council approved setting up more cross-border e-commerce pilot zones in 27 cities and regions as the government seeks to stabilize foreign trade and investments.

The new pilot zones, including those in Erdos in the Inner Mongolia autonomous region and Yangzhou in Jiangsu province, will replicate and advance the experience gathered from the previous five batches of pilot zones, said a statement released by the State Council.

The move has brought the overall tally of pilot zones to 132, covering almost all provincial-level regions in China from coastal industrial powerhouses such as Jiangsu, Zhejiang and Guangdong provinces to inland areas.

While trying to promote the high-quality development of trade, authorities concerned emphasized efforts to ensure national security, internet security, data security, and biological security to foster an amicable business environment for market entities.

The country began setting up cross-border e-commerce pilot zones as early as 2015 in Hangzhou, Zhejiang province. In these pilot zones, a variety of services such as logistics, payment, taxation and Customs clearance have been provided to facilitate enterprises' cross-border e-commerce businesses.

The import and export volume of China's cross-border e-commerce totaled 1.98 trillion yuan (\$311.5 billion) in 2021, up 15 percent year-on-year, according to the General Administration of Customs. E-commerce exports stood at 1.44 trillion yuan, an increase of 24.5 percent on a yearly basis.

Bai Ming, deputy director of international market research at the Chinese Academy of International Trade and Economic Cooperation, said China's cross-border e-commerce pilot zones have gradually expanded from coastal areas to inland regions, with a more balanced spatial distribution.

He noted the establishment of more cross-border e-commerce pilot zones fully reflects the country's determination to further expand opening-up by leveraging cross-border e-commerce and other new forms of foreign trade, promote the dual-circulation development pattern, stabilize foreign trade and foreign investment, and bolster the high-quality development of trade.

"Digital tools and digital transformation are the key factors for global micro, small and medium-sized enterprises, or MSMEs, to survive and thrive in the unpredictable COVID-19 era," said Diane Wang, founder, chairwoman and CEO of DHgate, a leading Chinese cross-border B2B e-commerce platform.

Relying on the resilience of China's supply chain, DHgate has

empowered global MSMEs with some capabilities like more data flow, deeper understanding of customer demand as well as a more tailor-made product portfolio to help them succeed in the challenging business environment, Wang said.

DHgate data showed its top five importing countries are the United States, the United Kingdom, Australia, Canada and France, where Chinese goods are welcomed. There is also increasing demand from emerging markets such as Seychelles, Zimbabwe and Senegal.

DHgate has seen a steady increase in sales of stay-at-home products and a slow recovery in outdoor products. Home appliances, consumer electronics, apparel, toys and outdoor sportswear have also gained popularity among overseas consumers.

In addition, online shopping via livestreaming videos has been favored by B2B buyers in the US. The bestselling products for B2B buyers during livestreaming sessions include mobile accessories, toys, gifts, digital products like mini Bluetooth speakers and wireless headsets, DHgate said.

Wang said the global supply chain has suffered from unprecedented pressures from COVID-19, resulting in product shortages, lack of efficiency, disruption and so on. The company has fully leveraged its 11 warehouses worldwide, which pre-stored the bestselling products in the key markets even before they were purchased, especially during sales festivals.

Ymatou, a Shanghai-based cross-border e-commerce platform, is beefing up efforts to provide supply chain services for livestreaming platforms and key opinion leaders.

Zhang Bibo, founder and CEO of Ymatou, said the pandemic has directly driven the integration of livestreaming and cross-border e-commerce, given that Chinese consumers could not go abroad to buy overseas products. The company will make more efforts to optimize the supply chain, improve logistics and distribution efficiency, and enhance consumer service, Zeng said.

Zhang Li, director of the e-commerce research institute affiliated with the Ministry of Commerce, said cross-border e-commerce has become an important channel for China's foreign trade during the pandemic period, and played a vital role in fostering the growth of foreign trade.

The pandemic has posed a challenge to logistics and distribution, said Zhang, adding China's cross-border e-commerce logistics companies have ensured the timely delivery of commodities through chartered flights and overseas warehouses.

Contact the writers at fanfeifei@chinadaily.com.cn

## JD-Shopify strategic partnership heralds era of 'commerce everywhere'

By FAN FEIFEI

JD, a well-known Chinese online marketplace, has inked a strategic partnership with Shopify, which provides digital infrastructure for merchants, startups and firms to start, run and grow their business online. This is expected to give independent brands in the United States a simple and trusted way to access consumers in China.

The partnership will simultaneously enable Shopify merchants worldwide to access JD's supplier network.

The partnership will link Shopify's millions of merchants worldwide with JD's 550 million active customers in China who use the platform to find authentic, high-quality products, JD said in a statement.

With this collaboration, JD will open an accelerated channel for brands on Shopify to list products through JD Worldwide, the company's cross-border e-commerce marketplace.

Compared to the 12 months typically required for international brands to begin selling in China, JD's streamlined channel allows Shopify brands to get started in three to four weeks.

Intelligent translation and smart price conversion services will be provided. In addition, JD's global supply chain network will provide end-to-end fulfillment service from the US to China, leveraging the company's China-US cargo flights, US warehouses and more than 1,300 warehouses and over 200,000 delivery personnel in China.

The partners will also collaborate to simplify access and compliance for Chinese brands and merchants looking to reach consumers in overseas markets. JD will support quality Chinese brands to set up their direct-to-consumer or DTC channels through Shopify, and enable Shopify merchants worldwide to access JD's supplier network through the JD sourcing platform.

"Bringing together two world-class commerce platforms — Shopify and JD — is a major step in solving cross-border commerce for merchants," said Aaron Brown, vice-president of Shopify. "The future of commerce is commerce everywhere, and that starts by removing barriers to entry to one of the most important e-commerce markets in the world."

"We believe that the partnership will unlock the huge potential of the



An employee works at Shopify's headquarters in Ottawa. REUTERS

Chinese market for brands outside of China. At the same time, it will increase cross-border commerce by leveraging our global supply chain ability, simplifying what has traditionally been a very complicated process," said Daniel Tan, president of JD Worldwide.

Founded in Ottawa, Canada, Shopify is a leading provider of essential internet infrastructure for commerce, offering trusted tools to start, grow, market and manage a retail business of any size.

The move is also part of a larger strategic partnership between Shopify and JD that aims to help solve cross-border commerce challenges across product sourcing, selling, and logistics for merchants in the US and China.

Pan Helin, executive dean of the Digital Economy Research Institute at the Zhongnan University of Economics and Law, said Shopify provides an operating environment for e-commerce and JD could build its own e-commerce channels in for-

foreign countries quickly by leveraging Shopify's services.

Meanwhile, Shopify provides a suite of e-commerce solutions and each online merchant at Shopify is independent, said Pan, adding its cooperation with JD will introduce overseas independent e-commerce brands into the Chinese market and will effectively enhance Shopify's popularity and sales revenue in the world's largest e-commerce market.

JD has been expanding its global cross-border logistics business in recent years. To date, the company's global supply chain network has covered more than 220 countries and regions, with its international logistics arm operating around 80 bonded and overseas warehouses, as well as cargo flight routes linking China with the US, United Kingdom and Thailand.

Together with various shipping services by air, railway, sea and trucks as well as other cross-border services, overseas orders can be delivered from door-to-door as fast as 48 hours.

Last month, JD opened two autonomous shops named "ochama" in Leiden and Rotterdam in the Netherlands as part of its efforts to further expand its presence overseas and strengthen sup-

ply chain infrastructure.

That also marked the first time JD opened brick-and-mortar stores in Europe, featuring a new shopping model that merges online ordering and pickup shops where parcels are fully arranged by robots, without any human assistance. The automated warehouse is part of the pickup shop, where people can witness a fleet of robots, including automated ground vehicles and robotic arms responsible for picking, sorting and transferring the merchandise.

Lu Zhenwang, CEO of Wanqing Consultancy in Shanghai, said the omni-channel model and cutting-edge technologies would help JD enhance logistics efficiency, lower delivery costs and gain an edge in the fiercely competitive marketplace.

In addition, JD has stepped up its efforts to expand its presence in Southeast Asia. It opened its first overseas e-space store, a mega retail experience store chain in Indonesia last year, and formed its joint venture with Thai conglomerate Central Group to enter Thailand in 2017.

In 2018, it made a strategic investment in Tiki.vn, Vietnam's leading business-to-consumer e-commerce platform.