

Measures aim to boost foreign trade

Cross-border e-commerce among business models targeted

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China has rolled out a new set of policy measures to shore up the growth of new business models in foreign trade, a move experts and officials said will facilitate improvements in the sector and foster competitiveness in the nation's imports and exports.

In a guideline issued on July 9, the General Office of the State Council, China's Cabinet, highlighted the importance of accelerating the growth of new business models to advance the high-quality development of foreign trade.

Key measures include encouraging the use of new technologies and tools to empower the growth of such trade, promoting the transformation of traditional sectors and enabling service providers to offer more professional services.

The guideline set out objectives to establish more optimized mechanisms and policy systems for the sector by 2025, when the nation is expected to have upgraded a cluster of international competitive leading businesses and industry clusters.

Policies supporting cross-border e-commerce will be scaled up, with steps to make it easier for the return and exchange of goods and to pilot the sales of imported medicines.

Ren Hongbin, assistant minister of the Ministry of Commerce, told a news briefing last week that cross-border e-commerce remains the fastest-growing and most vibrant foreign trade model.

Besides cross-border e-commerce, the measures aim to have an impact on market procurement, comprehensive foreign trade service providers, overseas warehouses and other businesses, according to the ministry.

Last year, China's total export and import volume through cross-border e-commerce platforms reached 1.69 trillion yuan (\$260.5 billion), up 31.1 percent year-on-year. In the first five months, the volume increased by 36.9 percent to over 700 billion yuan. The sector expanded 10-fold over the past five years, according to the Ministry of Commerce.

The measures came after China's overall foreign trade volume rose by 27.1 percent year-on-year to 18.07 trillion yuan during the first half of this year, driven by robust demand from the rapid recovery in major economies and the speedy growth of cross-border e-commerce.

Tommy Wu, an economist with British think tank Oxford Economics, wrote in a research report that while China's shipments are still facing near-term headwinds, strong global import demand will continue to underpin its exports through this year.

He noted that port disruptions in Guangdong province in late-May and June will have ripple effects on near-term trade flows, and a retreat of pandemic-related demand cou-



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pled with an overall shift in global demand away from goods and toward services will also dampen China's export growth.

"But China's role in global supply chains remains intact, and strong demand for electronics should persist. More generally, we think global demand will continue to support China's export outlook, especially as we expect global supply chain disruptions to be resolved gradually in the coming months," he said.

The latest policy document also mapped out steps to help traditional traders improve their level of digitalization, encouraging them to use cutting-edge technologies such as cloud computing, artificial intelligence and virtual reality to boost their research, development and design and to conduct smart and customized manufacturing.

To enable service providers in the foreign trade sector to offer more professional and tailored services, the guideline pledged to offer more incentives to businesses to conduct

maintenance services in bonded zones and beef up support for agents who provide services for export tax rebates.

The development of offshore trading will progress steadily, and foreign trade businesses will be encouraged to develop their own trading websites, the document said.

Li Xingqian, director-general of the foreign trade department in the ministry, said at last week's news briefing that a growing number of Chinese businesses have sought to establish their own e-commerce websites to increase their independence.

The ministry estimates that Chinese businesses have established about 200,000 independent e-commerce websites. Compared with

third-party platforms, such websites can cut the cost of operations and maintenance by 30 percent and enable sellers to conduct more targeted sales and promotions, he said.

Demand has also given rise to platforms offering tailored and professional services, such as those specializing in marketing at search engines and those offering purchasing services from overseas, he added.

Yang Baojian, director of operations with a company that manufactures and exports electronic products through cross-border e-commerce, said the latest policy document has offered a significant boost to the sector.

Yang's company saw its sales more than double last year thanks to robust demand from key markets, including the United States, for work-from-home products.

"However, this year, the rise in the costs of logistics and advertising have hampered the profit margin, and the market demand has also softened," he said.

"The new policies are significant in that they support new business models, and we look forward to their full implementation."

Overseas warehouses seen as crucial to development

By XU WEI

Policymakers have stressed the importance of the development of warehouses overseas as they seek to inject fresh momentum into China's foreign trade and ensure the stability of industry and supply chains.

The central government will encourage traditional trading companies, cross-border e-commerce businesses and providers of logistics services to take part in the development of overseas warehouses and improve the level of digitalization and intelligence, according to a guideline issued by the General Office of the State Council on July 9.

By 2025, China will have cultivated about 100 high-caliber overseas warehousing businesses that will stand out in fields such as information technology, intelligent development, diversified services and local operations, the document said.

Data provided by the Ministry of Commerce showed that Chinese

businesses now operate more than 1,900 overseas warehouses, covering total floor space of 13.5 million square meters. Almost 90 percent of those facilities are in North America, Europe and Asia.

The development of overseas warehouses has been high on the government's agenda in recent years.

During a May visit to Ningbo, Zhejiang province, Premier Li Keqiang used a video link to speak with workers from an overseas warehouse in Germany. On June 22, he reiterated the importance of such facilities at an executive meeting of the State Council, China's Cabinet, saying that the development of overseas warehouses will help the country's brands go global, explore the international market and improve the efficiency of value chains.

He also invited an executive from Zongteng Group, an overseas warehousing and logistics provider, to speak at a State Council symposium

with economists and business leaders last week.

Li Xingqian, director-general of the ministry's foreign trade department, told a news briefing last week that overseas warehouses are a new type of infrastructure that serve as key platforms to drive the growth of foreign trade. Such facilities can enable quicker customs clearance and faster delivery, with some offering one- or two-day delivery services in destination countries, he added.

Exporters can also optimize their inventories and minimize possible losses from unmarketable goods with the warehouses, which can provide amenities such as localized return and repair services and improve the shopping experience for consumers, he said.

He noted that such facilities will help micro, small and medium-sized enterprises to go global, and also drive Chinese brands and products from startups and innovative companies to grow their markets

internationally, he said.

To develop a global network of overseas warehouses, the policy document pledged to encourage businesses to quicken moves to develop networks in key markets, with steps to establish a sales-and-transport network for Chinese brands. Companies that operate the warehouses will receive incentives to build sound logistics systems and extend services to the upper and lower ends of supply chains.

Song Xin, an e-commerce and logistics analyst with the investment banking department at the Industrial and Commercial Bank of China, said overseas warehouses have become key drivers of growth in the nation's cross-border e-commerce sector.

"It is important to ramp up measures to cultivate more competitive businesses, improve service networks and establish more digitalized and smart warehouses," she said.

Wu Qi, general manager of CB International E-Commerce, which operates warehouses in the United States, the United Kingdom and Canada, said the policy document offers "the most proactive support" for businesses in the sector.

"Most operators of overseas warehouses have invested heavily in fixed assets. The latest measures will undoubtedly firm up confidence for businesses to boost their investments," he said.

He noted that the blossoming of cross-border e-commerce has seen a sharp rise in the number of orders placed with his company since last year, but a shortage of human resources and restrictive measures imposed by logistics companies in destination countries have prevented a sharper increase in business volumes.

As most operators of overseas warehouses are small and medium-sized enterprises, it is important for governments to make it easier for them to obtain funding support from financial institutions as a key step to help the sector grow at a faster rate, he said.

Policy Digest

Banking regulator to tighten loan oversight

China's top banking and insurance regulator has issued a circular to tighten management of loans and guard against extending loans to organizations and individuals involved in organized crime.

As the China Banking and Insurance Regulatory Commission has made it a regular task to combat criminal syndicates, banks and financial institutions are required to pay attention to borrowers that may use loans to engage in organized crime, including loan-sharking or other illegal activities, the commission said in a notice released on July 13.

It also stressed regulating business cooperation with third parties, saying that core business affairs such as credit review and risk control must not be outsourced. In addition, banks are not allowed to provide funding to unqualified lending organizations, and co-financed lending with such organizations is also prohibited.

To tighten management over debt collectors, the commission also required banks and insurance institutions to not authorize organizations or individuals involved in organized crimes to collect loans as third parties on their behalf.

According to the notice, banks and insurance institutions should also establish a regular working mechanism to recognize the risks of fraud faced in key business sectors.

Ministry launches effort to promote tourist goods

With China encouraging the development of creative cultural products with various themes such as the Great Wall and Red tourism, the Ministry of Culture and Tourism has recently launched a campaign aiming to promote tourist goods.

According to a notice published by the ministry on July 7, the campaign is focusing on key villages and counties to develop rural tourism as well as quality tourist attractions and holiday resorts.

Local cultural and tourism authorities should consider their unique environments and characteristics as well as mobilizing their social resources when proceeding with projects that help present their cultures through creative designs, it said.

The ministry called for efforts to develop a series of products themed on the Great Wall, rural tourism, characteristic intangible cultural heritages and industrial tourism, among others, to further enrich the supply of tourist commodities.

Online sales of the products on e-commerce platforms or through livestreaming are also encouraged to better meet the demands of tourists and locals by expanding the consumption of such goods, the notice said.

Authorities to improve vocational education

Authorities have stressed efforts to improve the quality of vocational education and support the employment of vocational school graduates as the country aims to expand student enrollment in such schools by 1 million this year.

According to a notice jointly issued by the Ministry of Education and five other governmental departments recently, students must be admitted through assessment of both their cultural knowledge and vocational skills to guarantee the quality of expanded enrollment.

Vocational education should be carried out in various forms and with flexible arrangements without standards being lowered, the notice said, noting that schools and enterprises are encouraged to jointly cultivate students through apprenticeships, oriented training and other means.

To ensure employment for vocational school graduates, local governments are required to implement policies that help expand vocational worker posts, support those who have difficulty finding jobs and encourage graduates to create their own jobs through entrepreneurship and innovation, according to the notice.