

# Big plans for e-commerce growth

Guideline stresses need for quality as industry matures

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China will prioritize quality over quantity in growing e-commerce as the sector matures and devises new indexes for its development to enable it to play a notable role in catalyzing high-quality growth during the 14th Five-Year Plan period (2021-25), experts and industrial insiders said.

On Oct 27, the Ministry of Commerce, the Office of the Central Cyberspace Affairs Commission and National Development and Reform Commission jointly released a guideline aimed at boosting e-commerce development during the 14th Five-Year Plan period, mapping out development priorities for the sector and establishing growth targets in specific areas.

Under the plan, e-commerce will be increasingly integrated with primary, secondary and tertiary industries by 2025, and the digital transformation of the industrial and supply chains will be continued, becoming a significant force for the transformation and upgrading of traditional industries and rural vitalization.

By 2035, e-commerce is expected to become an important driver of China's economic, scientific and technological strengths. It will promote the efficient allocation of resources in and be a crucial element of China's modern economic system.

The central government has been crafting five-year plans specifically for e-commerce since the 11th Five-Year Plan period (2006-10), when the idea was still relatively new. Experts believe that in the past decade, particularly during the 13th Five-Year Plan period (2016-20), the e-commerce sector achieved notable progress, and issuing guidelines every five years has helped by setting a clear path for the emerging sector.

Zhang Li, head and a senior researcher of the e-commerce department at the Chinese Academy of International Trade and Economic Cooperation, said the five-year plans serve as a government-formulated guideline in promoting the stable, sustained, healthy and innovative development of e-commerce by mapping out prospects for market entities.

The guideline noted that today, e-commerce is deeply integrated and is having a notable impact on the digital transition of China's socioeconomic development.

During the 14th Five-Year Plan period, e-commerce transactions are expected to reach 46 trillion yuan (\$7.2 trillion) by 2025, compared with 37.2 trillion yuan last year. E-commerce related employment is also expected to hit 70 million during the same period, up from about 60 million currently.

The plan further stated that as domestic and international e-commerce markets are increasingly interconnected, globalization will be significantly improved and the ability to coordinate global resources will also be enhanced.

Also, three new subindexes for e-commerce development were added: the industrial e-commerce penetration rate; the transaction volume for rural e-commerce; and the transaction volume for cross-border e-commerce.

Zhang said the three areas have undergone robust growth over the past five years and will be key indicators during the new five-



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year period, adding that their e-commerce growth will play an important role in overall growth. The introduction of the new sub-indexes is also a sign that the focus is shifting from quantity to quality.

Specifically, she explained that industrial e-commerce is directly linked to the integration of e-commerce and traditional industries, impacting their transition and upgrading.

“Also, e-commerce in rural areas played a notable role in poverty alleviation during the 13th Five-Year Plan period. It is expected to have a greater impact on promoting rural vitalization, catalyzing rural consumption and uplifting the modernization of the rural economy,” she said.

Zhang also said she believes cross-border e-commerce is serving

as a new model for foreign trade.

“During the 14th Five-Year Plan period, overseas trade is expected to grow at a rapid pace as it shifts from general trade characterized by bulk commodities, to a cross-border e-commerce model focused on smaller batches and more product diversity, which will be significant in promoting high-quality trade growth,” she said.

Industry insiders believe the guideline's new subindexes and growth targets are well researched and will help drive development of the e-commerce sector.

Lyu Zhibin, head of new consumption research at Ali Research, an arm of e-commerce giant Alibaba, participated in creating the latest five-year plan as an industry insider and representative. She has worked at Alibaba for more than a decade, during which time China's

e-commerce sector transformed life and the landscape of consumption, boosting growth.

Lyu said that over the last 10 years, e-commerce in China has grown from a marginal domestic industry into a sector with notable global influence and that compared with the 13th Five-Year Plan period, when e-commerce was not fully mature, the 14th Five-Year Plan period will focus on improving quality growth.

The sector is expected to see healthier development while shouldering greater responsibilities, consolidating its leading, innovative role in overall industrial upgrading.

“We believe the issuing of the new development plan for e-commerce will boost business confidence and anchor market expectations,” she said.

## Policy Digest

### Renovation projects this year surpass goal

By the end of October, the rebuilding and renovation of 53,400 old urban residential compounds across China was under way, surpassing the goal of 53,000 set in this year's government work report, according to the Ministry of Housing and Urban-Rural Development.

The projects, which involve the installation of elevators, accessibility facilities and the replacement of old pipelines, are part of national efforts to advance urbanization and rural revitalization.

Recently, the ministry summarized good practices adopted in 22 provinces and cities to address major problems during the renovation process, including unreasonable renovation plans, lack of coordination and difficulty raising funds through multiple channels.

These practices should be emulated for renovation projects in other places, the ministry said.

### Agricultural licensing continues digital move

Starting Wednesday, the examination and approval procedure for 11 more administrative licenses for items related to agriculture, including the introduction of foreign seed resources, will go digital, the Ministry of Agriculture and Rural Affairs said in a recent notice.

This means those seeking the licenses no longer need to submit paper applications, with the whole process — from the submission of applications to the release of results — shifting online.

Since the start of this year, the ministry has stepped up efforts to ease the examination and approval procedure and clarify application requirements in its quest to digitize the process and expand the range of items on the licensing list, the ministry said.

So far, applicants can apply for licenses online for at least half the items on the list.

It is estimated that since digital procedures were introduced in 2019, about 40,000 applications were made online, saving applicants more than 8 million yuan (\$1.3 million) as the expense of travel, printing and mailing documents has been negated, the ministry said.

### System eases approval for construction work

China's national unified system for the approval of construction projects has reduced the time for approval from the previous average of more than 200 working days to less than 120 working days, according to the Ministry of Housing and Urban-Rural Development.

The unified engineering construction project approval and management system was created to ease the approval process and facilitate information sharing among government departments at all levels.

According to the ministry, since national efforts to ease construction approval were first launched in 2018, authorities have approved 954,900 building projects.

The ministry estimates that companies have saved over 300 billion yuan (\$47 billion) every year thanks to the system.

As a result, China's global ranking among countries where getting construction permits is easiest has risen significantly, from 172nd in 2018 to 33rd last year, according to the World Bank.

MO JINGXI

# Expert notes achievements in burgeoning sector, but says challenges remain

By ZHANG YUE

Economists who have devoted decades of study in the field of e-commerce have witnessed both the tremendous changes that e-commerce has brought to China's economic landscape, as well as the unevenness of growth in the sector.

Yao Guozhang, a professor and head of the Research Institute of Digital Economy at Nanjing University of Posts and Telecommunications, began his research on e-

commerce in the late 1990s when the concept was largely unknown.

Prior to that, Yao worked in corporate marketing and technology departments. It was this experience that sparked his interest in e-commerce.

Over the past two decades, he has written extensively on the development of China's e-commerce, noting that it has been fast and robust, growing from a relatively unimportant sector to one that has become a key indicator.

However, development has been uneven, and he says there is plenty of room for more improvement.

Data from the Ministry of Commerce released earlier this year showed that China's online retail sales rose from 8.5 trillion yuan (\$1.3 trillion) in 2019 to 9.8 trillion yuan last year, a 14.8 percent increase year-on-year.

A recently released guideline on e-commerce development further noted that the sector accomplished a great deal during the 13th Five-

Year Plan period (2016-20).

China has been the world's largest online retail market for eight years straight, and e-commerce is an important form of consumption, it stated.

Transaction volume surged from 21.8 trillion yuan in 2015 to 37.2 trillion yuan last year, and more than 60 million people nationwide are working in the sector.

Also, e-commerce has created many new occupations and job positions, greatly contributing to overall economic development.

However, the guideline stated that the sector still faces problems in China, including uneven development and lax regulation. The issue of monopolies and unfair competition between online platforms has also become acute.

Yao agrees that monopolies are a problem, hindering domestic competition and the growth of smaller companies.

He suggested that authorities take action to tackle these issues. For example, the systems deter-

mining taxes levied for online and offline transactions should be unified, he said.

“It is important to foster a fairer climate for competition and operation to encourage more offline business owners to develop parallel online businesses,” he said.

“Technological assistance should also be provided to smaller and micro businesses in particular to help them remove technical hurdles to growing their businesses online,” he said.