



ADB

E-trade and its Impact on SMEs: Case of China and Lessons for Asia Pacific Region

Jian Wang

Expert, APEC E-commerce Alliance
Professor, University of International Business and Economics
(UIBE), Beijing

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Agenda



- Definition and scope ?
- SMEs and export
- How E-trade platforms facilitate trade in China
- Platform cases of China
- Business models of E-trade platforms
- Enterprise-driven model towards single window
- What happens next?



Definition and scope



- SMEs-Small and medium sized enterprises
- E-trade
- Third party platforms
- Government authorities

SMES and export

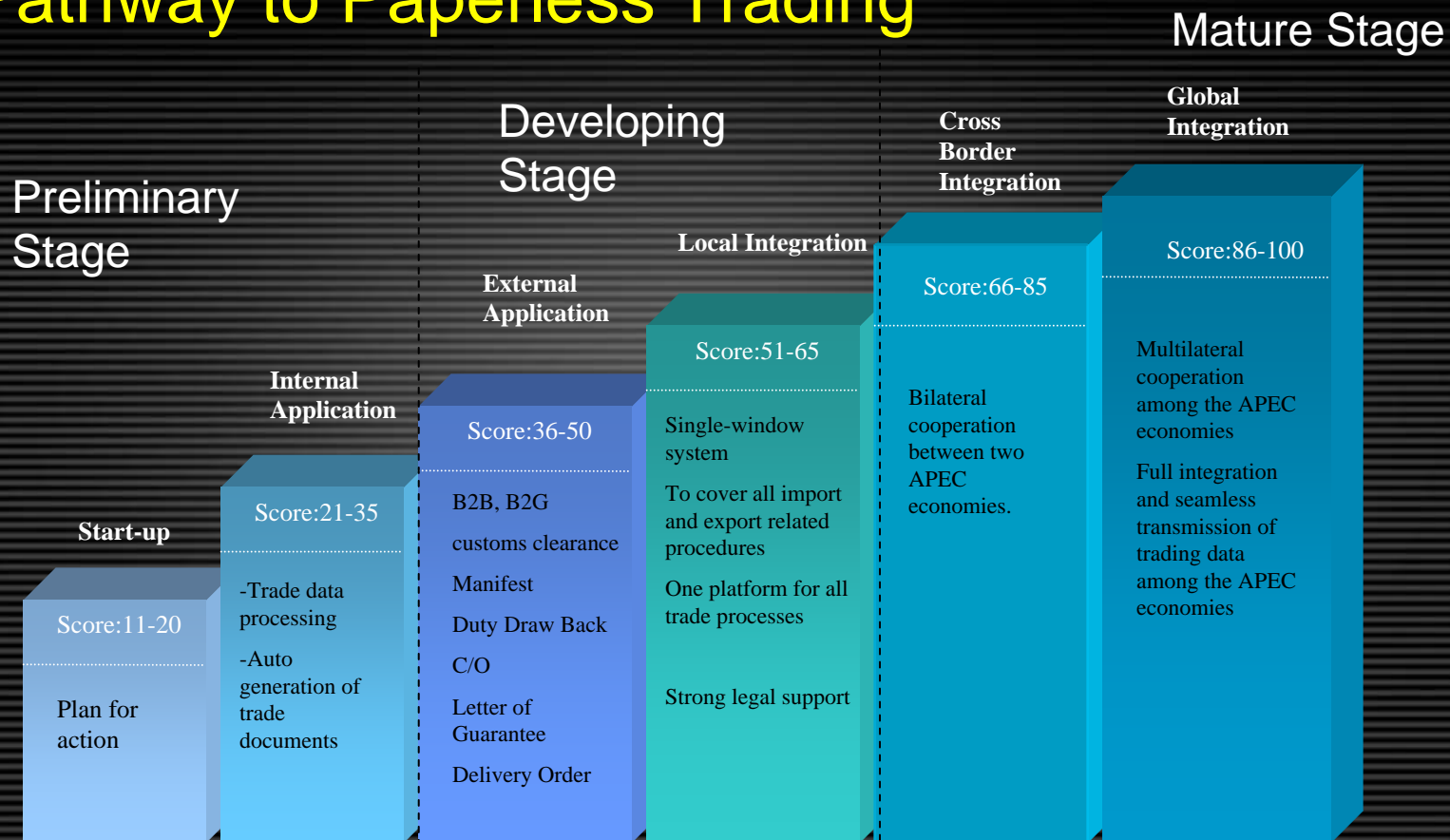


- Estimated: 2011, 90% of China's exports (1.9 trillion USD) is from 100 thousand qualified manufactures.
- 97% of them are SMEs.

Paperless trading and Single Window to facilitate trade

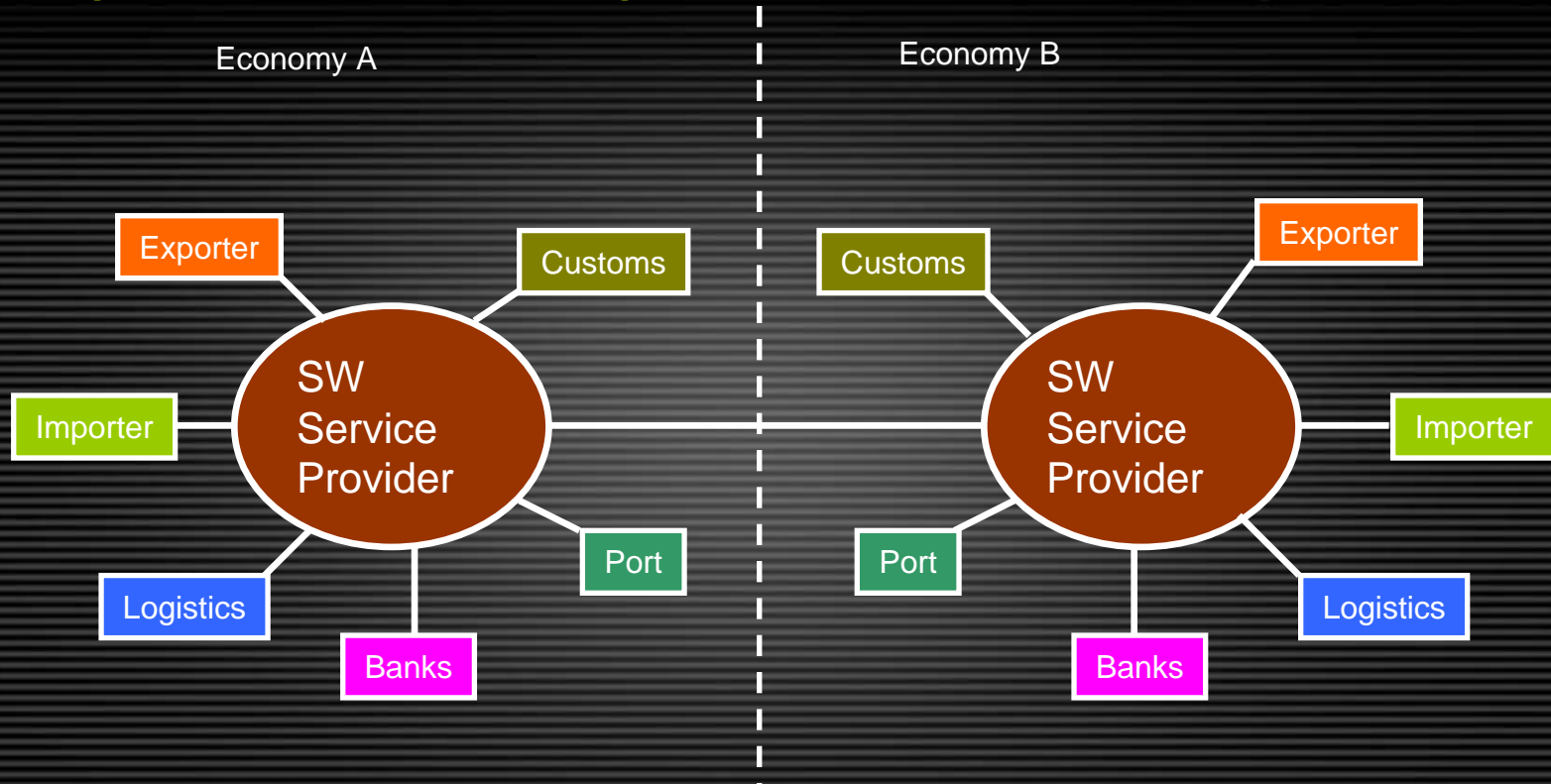


Pathway to Paperless Trading



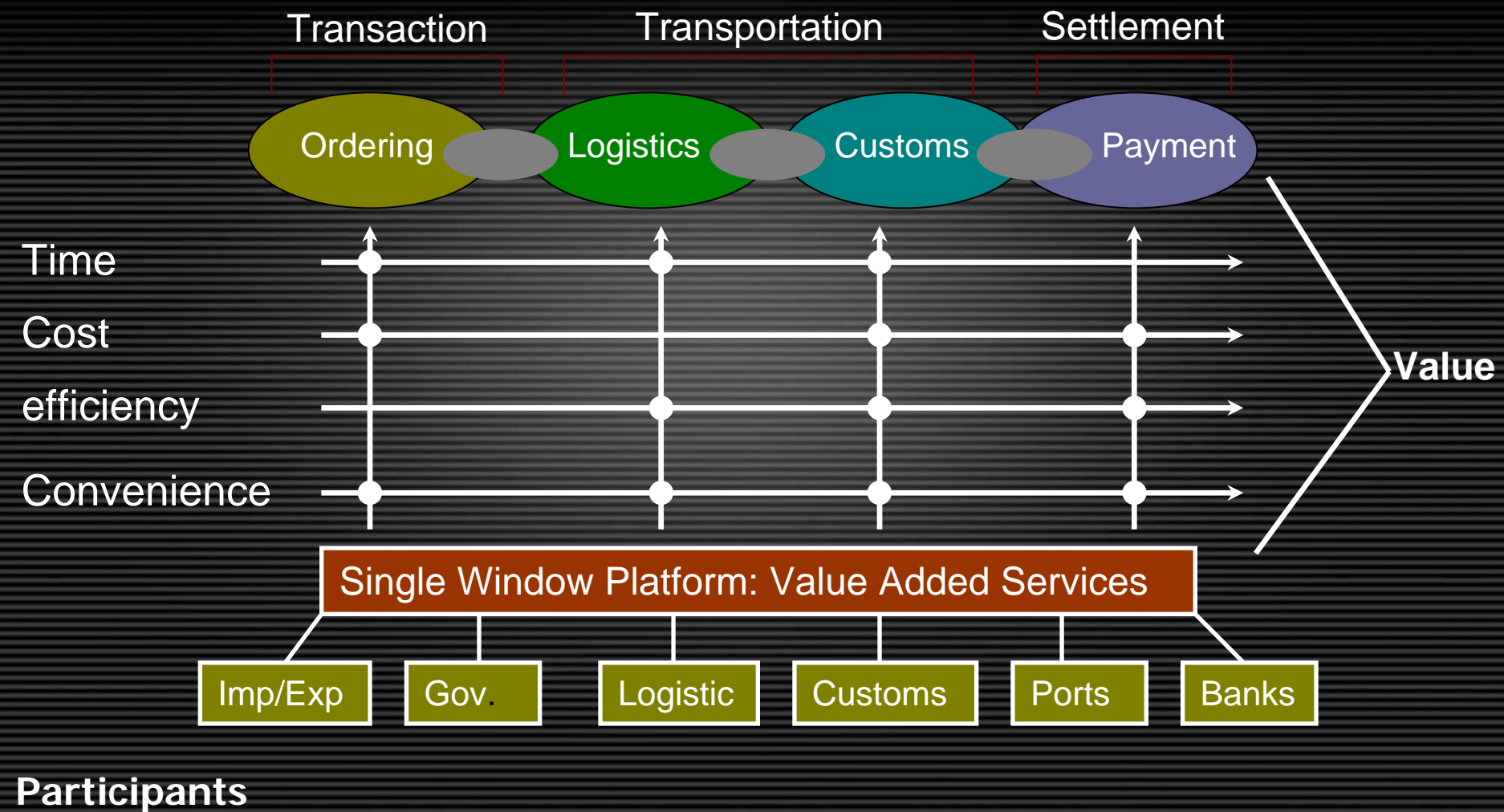
Paperless trading and Single Window to facilitate trade

Single Window Integration



Paperless trading and Single Window to facilitate trade

SW Value Proposition



How E-trade platforms facilitate trade in China



International Trade Transaction and process

Before Transaction

- Potential buyers and sellers
- Information exchanges
- Trade leads
- Business opportunities
- Matching buyers and sellers

Transaction

- Potential buyers and sellers
- Information exchanges
- Trade leads
- Business opportunities
- Matching buyers and sellers
- Transactions
- Payment
- Logistics integration

After Transaction

- Import and export process management
- Documents preparation
- Documents exchange
- Payment integration
- Logistics integration
- Banking
- Foreign exchange
- Customs and other government authorities

How E-trade platforms facilitate trade in china



Immerging Platforms in China to facilitate Trade

Before Transaction

- Alibaba.com
- MadeinChina.com
- Globalmarket.com
- Trade2cn.com

Transaction

- Dhgate.com
- Aliexpress.com (Alibaba)
- M2Cmart.com (Global market)
- Ebay.cn

After Transaction

- Onetouch.cn (taken over by Alibaba)

How E-trade platforms facilitate trade in china



Business models of these third party platforms

Before Transaction

- Trade leads
- Matching buyers and sellers
- Membership fees
- Loan without security to the qualified members
- All classified goods

Transaction

- Online sales in quantities
- Payment services (Credit card, Paypal, etc)
- Cross-border express delivery
- Customs parcel declaration
- Commission or transaction fee
- Loan without security
- Online sales products

After Transaction

- Outsourcing trade services (documentation, exchange of documents)
- International payment and settlement supporting services)
- Customs declaration
- Foreign exchange control supporting services
- Service fees
- Loan without securities
- Trade financing

Cross-Border E-commerce transactions



Traditional C/B B2B

- Bulk goods
- International sale of goods
- Well-regulated international practice
- C/B trade main stream

Online C/B B2C

- Small packages
- International online retail
- Yet to be regulated, some gray area
- Yet to be developed and uncertainty

Cross-border e-commerce transactions vs. traditional B2B model in China?

TOTAL EXPORT

- 1898 billion US Dollar total (2011), No. 1 in global trade
- Around **22%** annual growth rate

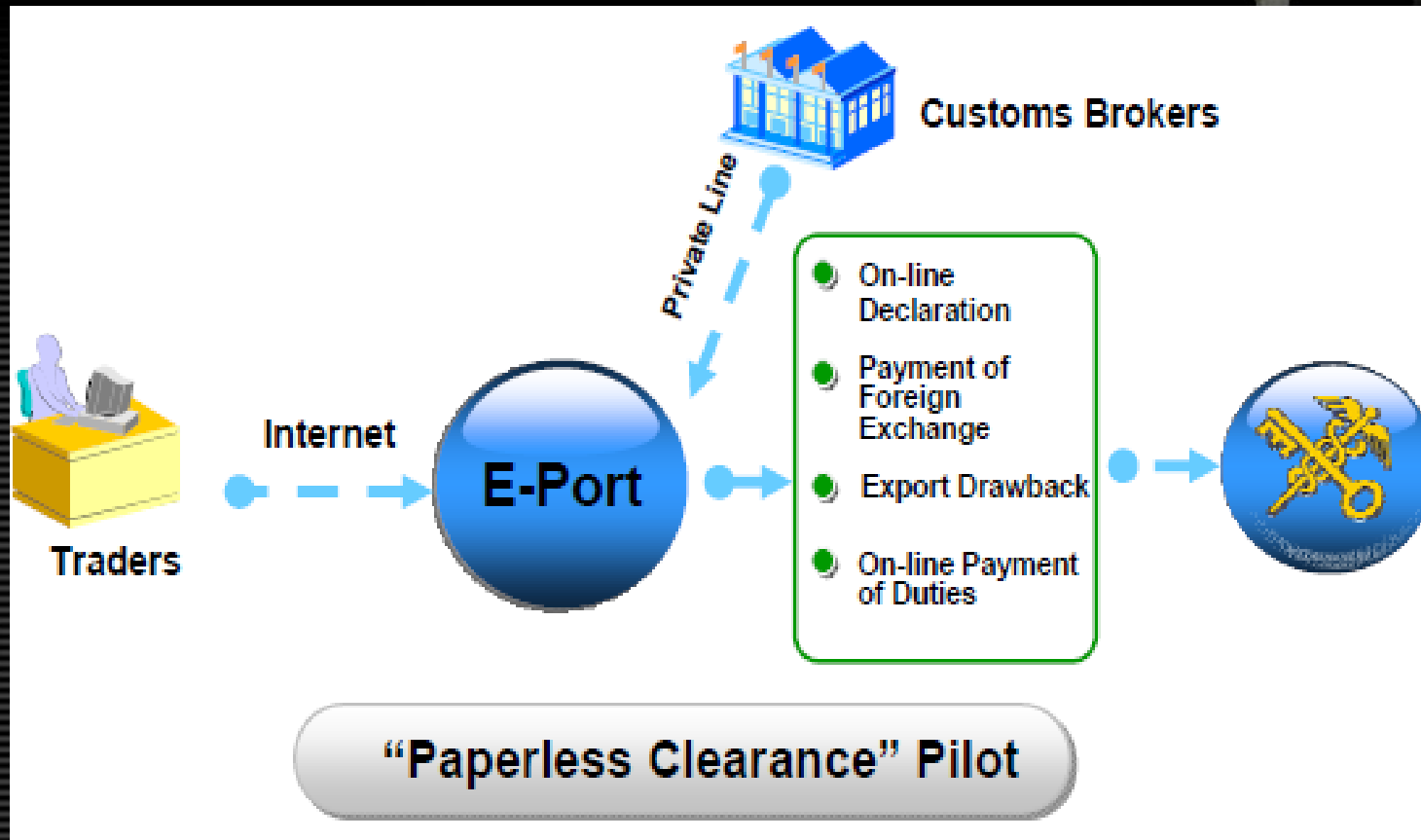


ONLINE B2C

- Small percentage, less than 1 percent of total trade (our estimation is 0.2%)
- Over **125%** annual growth rate



Original E-port and Single Window Model and Concept



Window website for China E-port



中国电子口岸 China E-port

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新闻动态

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我国外贸形势今年以来异常严峻，外资实际利用金额FDI连续六个月下降，这意味这外部资本对中国市场的热情继续减退。 外贸企业的寒冬求生，依旧需要的是魄力和耐力。

更多>>

» 低成本使贸易大国产生“负财富收益”

4月份贸易数据并不乐观，6%的增长远不及商务部预定的对外贸易10%的目标。然而，我们更担忧的是，在数据全面趋冷的背后，中国贸易利益状况同样值得忧虑。

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根据电子口岸和海关外网维护工作安排，数据中心定日（周五）凌晨0:00至0:30，运行系统数据库维...

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为降低出口企业在向国税总局进行出口退税申报时的报关单数据录入工作量，同时保证出口退税申

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在线财

集成通

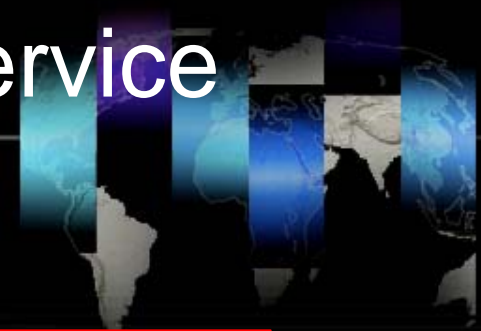
电子回单

Limitations with China E-port



- China E-port is only for customs clearance and related procedures
- China E-port is a data checking system with foreign exchange authorities
- China E-port has online payment system for paying duty and tax
- China E-port runs independent from other import and export control authorities, e.g. Ministry of Commerce, Inspection and Quarantine Services, etc.

Case Study: Outsourcing service platform



The screenshot shows the Alibaba.com OneTouch website. The header includes the Alibaba.com logo and the OneTouch logo. A navigation bar contains links: Home, About Us, Finance, Imp. /Exp. Service, Cost Analysis, and Contact Us. The main content area features a large blue sky background with a person running on a hill. The text "Welcome to OneTouch" and "IMP.& EXP.BPO SERVICE FOR SME" is displayed. A red callout box points to the "IMP.& EXP.BPO SERVICE FOR SME" text, containing the text "Business process outsourcing". A faint watermark "Just One Touch!" is visible in the background.

Alibaba.com one touch

中文版 JiangSu OneTouch

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Welcome to OneTouch

IMP.& EXP.BPO SERVICE FOR SME

Business process outsourcing

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Imp. & Exp. BPO Service



Service Details



Customs Clearance



Transportation



Storage



Insurance



Tax Reimbursement



Foreign Exchange



Port

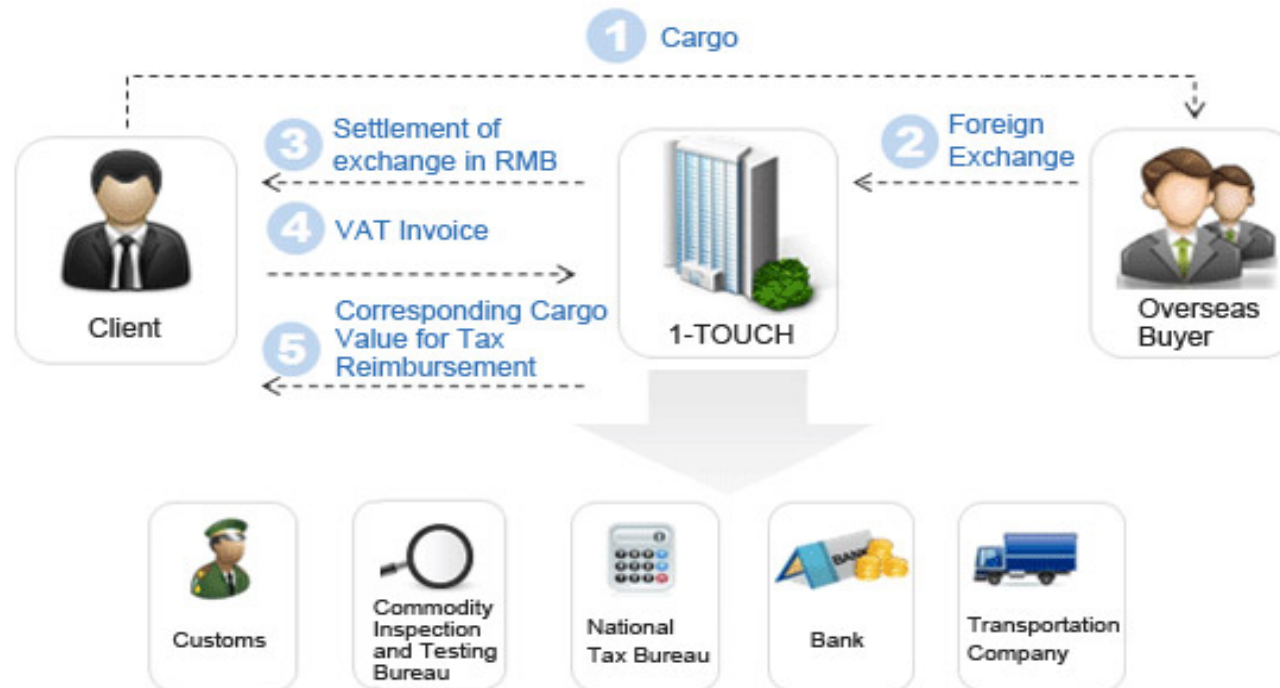
All services in import
and export trade.....

Fastest Customs Clearance, Lowest Export Cost!



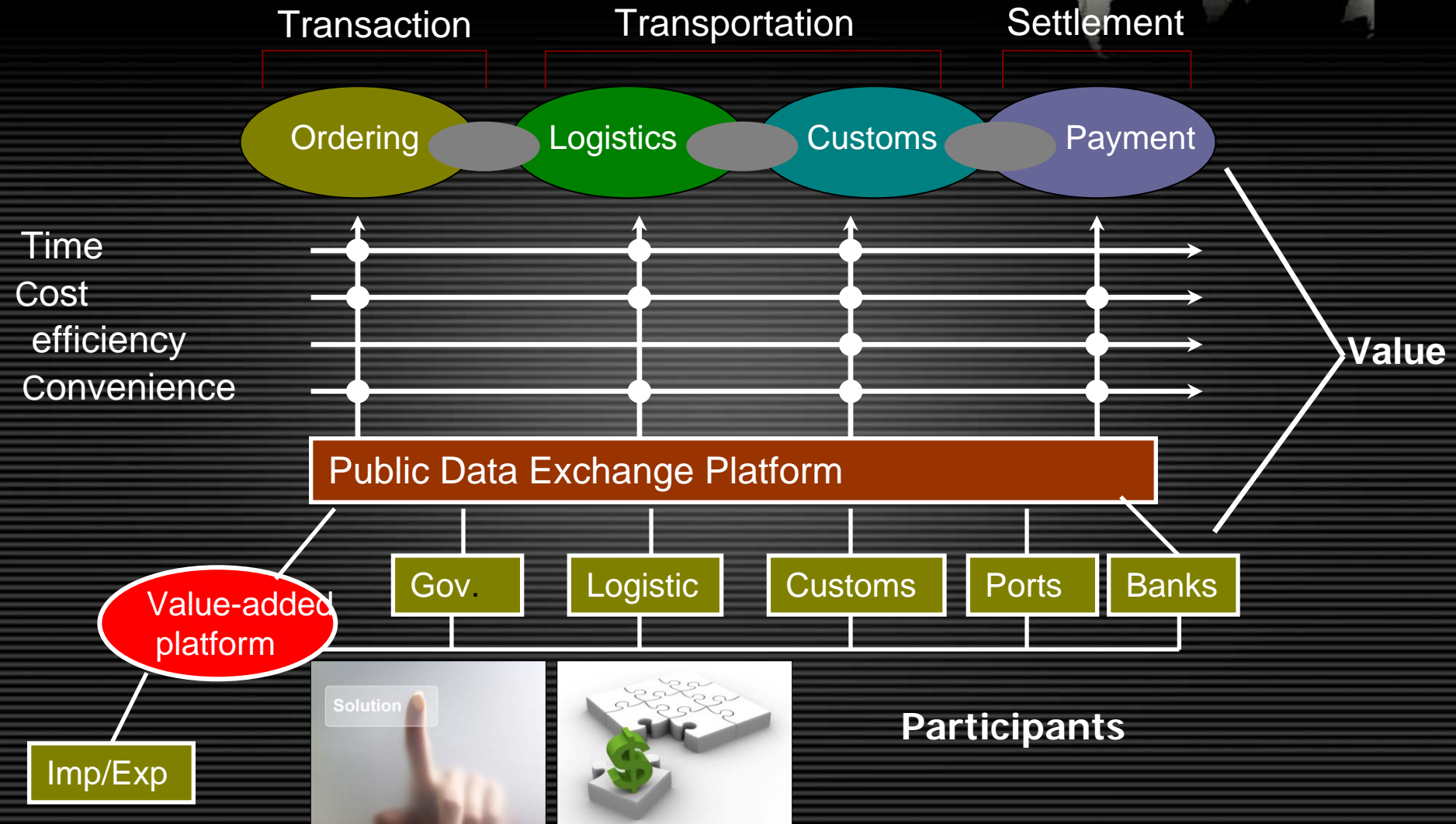
For Export-Oriented Clients

(General Taxpayers, such as Factories and Trading Companies)

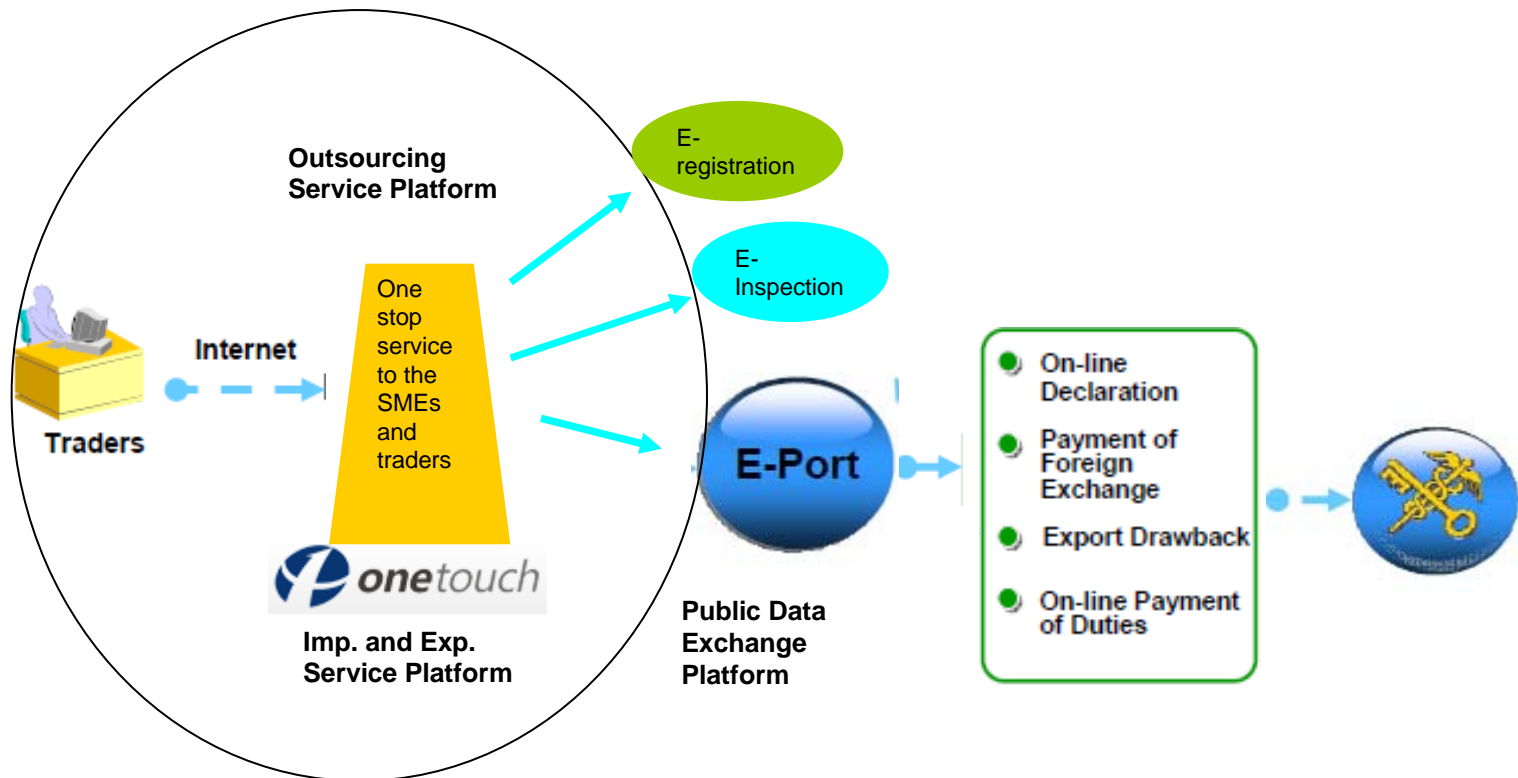


1. The transportation company can be designated by the client.
2. Foreign exchange can be received in advance before dispatching the cargo
3. $\text{Client VAT Invoice Amount} = \text{Foreign Exchange Amount} + \text{Tax Returned} - \text{Service Charge}$

Enterprise-driven model and value proposition



One stop service: a single platform for importers and exporters



Cost Analysis



- Service fee: 1,000 RMB per transaction
- Handling fees:
 - Logistics handling fees: 0.1-2.0%
 - Trade financing fees: 0.2-1.5%

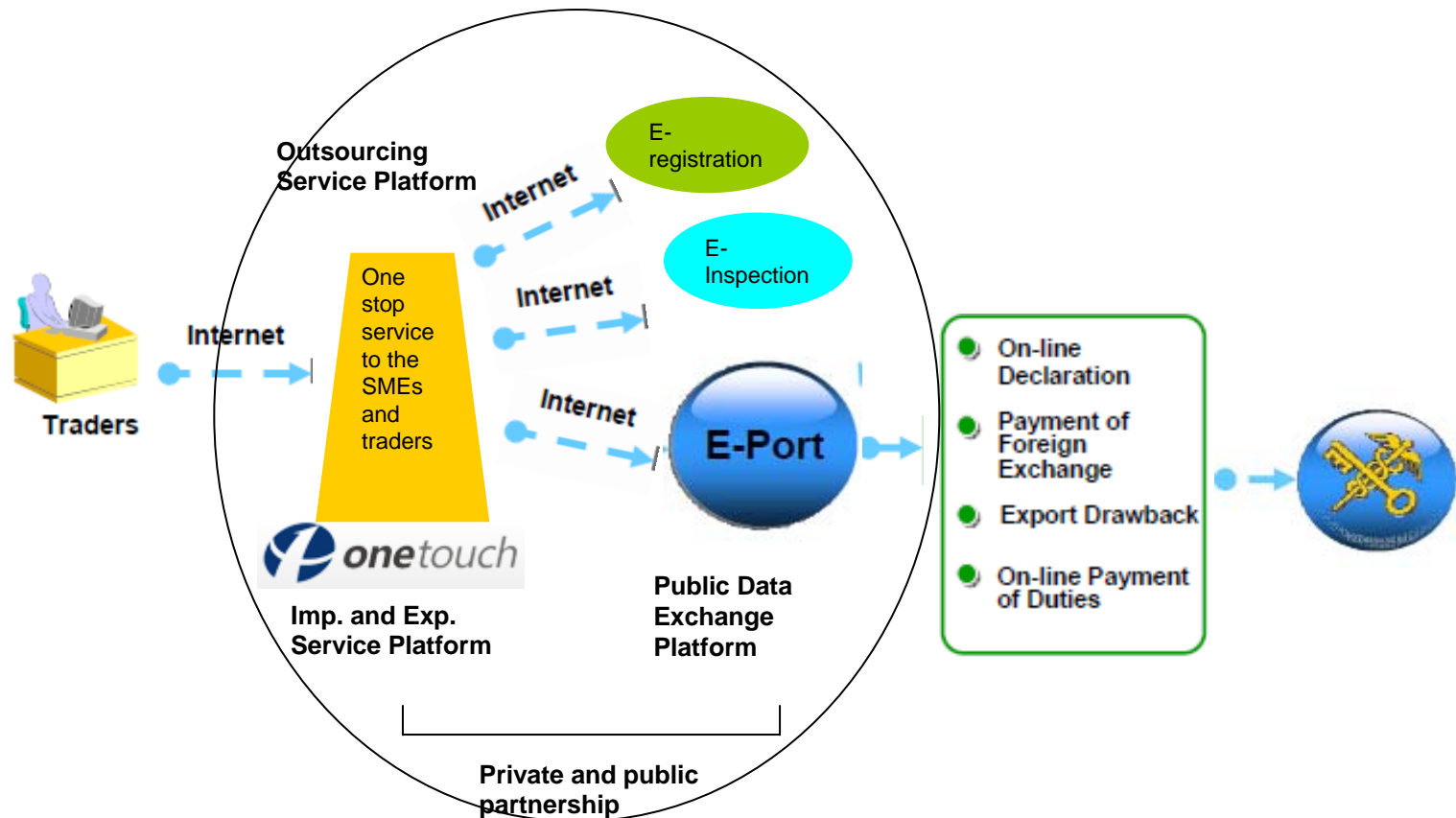


- Overall trade cost: -60%
- Customs clearance time: -70%
- Plus trade financing services



What happens next?

Immerging Model of Single Window:
Integrated Outsourcing Service Platform



Thanks



- Jian Wang
Expert for APEC E-commerce Alliance
Professor, University of International Business
and Economics (UIBE),
- wangjian@uibe.edu.cn