

China nsight





Chinese President Xi Jinping and his wife Peng Liyuan and Greek Prime Minister Kyriakos Mitsotakis and his wife Mareva Grabowski-Mitsotakis pose for a group photo with staff members of China Ocean Shipping Co., the majority shareholder in the Port of Piraeus, during their visit to the Greek port on November 11

Beyond the Mediterranean

The results of President Xi Jinping's visit expand from Greece to entire Europe

By Ma Miaomiao

When Chinese President Xi Jinping visited the Port of Piraeus, a 30-minute drive from downtown Athens, on November 11 during his three-day state visit to Greece, the port was the picture of hustle and bustle.

One of Europe's busiest ports, its terminals were packed with containers from all over the world. Ships docked in at regular intervals and the cranes remained busy loading or unloading the cargo. Rows of trucks shuttled back and forth.

And it's not only sea-faring vessels that the port serves. Some of the goods stored here are destined to be shipped by land. They will be carted off along the rail routes of the China-Europe Land-Sea Express that link the port to Hungary, Austria, the Czech Republic and other parts of Europe.

But 11 years ago, the picture was entirely different. Hit by the EU sovereign debt crisis, mismanagement and other factors, Piraeus suffered heavy losses and declined into a lethargic port with its equipment rusting. Then in 2009, a subsidiary of China Ocean Shipping Co. (COSCO) started to manage two terminals under a bid it won a year earlier and the old port got a new lease of life. In 2016, the Chinese company acquired 67 percent stake in the Piraeus Port Authority, the port's operator, and took over the management and operation of the entire port.

When COSCO took over Piraeus, it ranked 93rd worldwide. Today, it is 32nd, overtaking Spain's Port of Valencia as the biggest port in the Mediterranean. Last year, its container throughput jumped to nearly six times that of 2010. It provides

jobs to over 10,000 local people directly and indirectly, contributing 300 million euro (\$330.6 million) annually to the local economy.

Xi said the scene showed that the Belt and Road Initiative was not an idle slogan but a successful practice. This is evidenced by the rejuvenation of the port as well as the land-sea routes. Greece is willing to join China to further expand and strengthen the port project, Greek Prime Minister Kyriakos Mitsotakis said.

According to Song Xiaomin, a researcher with the Institute of European Studies, Chinese Academy of Social Sciences, Piraeus exemplifies the broad prospects of economic and trade collaboration between China and Greece.

"COSCO's investment in the port project has not only benefited the local

economy, local people and even entire Greece, but also increased the confidence of the international community in the Greek market and attracted more multinational companies to Greece," she said.

Stronger partnership

Xi's Greece visit, the first by a Chinese head of state in 11 years, came after the Second China International Import Expo (CIIE) in Shanghai, where Greece was one of the guest countries of honor. Mitsotakis led the Greek delegation to the expo, calling it an excellent opportunity to showcase the strong bilateral relationship despite global uncertainties. The Greek companies more than doubled their turnover at the Second CIIE.

China and Greece share a long history. Their exchanges have increased and cooperation has become closer since the establishment of diplomatic ties 47 years ago.

The bilateral ties are based on mutual respect, equality and mutual benefit. In 2006, they established a comprehensive strategic partnership. In 2018, Greece was the first developed European country to sign a memorandum of understanding to join the Belt and Road Initiative, becoming an important bridge between China and the EU.

According to China's General Administration of Customs, China-Greece trade was worth \$7.06 billion in 2018, up 36.3 percent year on year. Greece's exports to China increased by 31.2 percent.

The two countries have a complementary trade structure, Ding Chun, Director of the Center for European Studies at Fudan University in Shanghai, said. While China is an exporter of labor- and capital-intensive products, Greece is an exporter of resource-intensive and intermediate products. Their cooperation serves the best interests of both countries.

China is Greece's largest source of imports of machinery, electronic products and other light industrial products, according to Eurostat, the statistical office of the EU.

During his visit, Xi proposed expanding two-way trade and investment and enhancing cooperation in areas such as electricity, telecommunications, manufacturing and finance. China is willing to import more high-quality Greek agricultural products and encourages more Chinese companies to invest and start

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businesses in Greece.

It will undoubtedly bring greater opportunities to Greece, which is recovering from the debt crisis, and give a strong boost to the local economy, Jiang Shixue, a professor at Shanghai University, told *Beijing Review*. From January to June this year, bilateral trade reached \$4.14 billion, up 21.4 percent compared with the volume in the same period last year.

During a business forum on the sidelines of the CIIE on November 4, the Greek prime minister stressed that his government is ready to strengthen collaboration in diverse areas to realize more win-win results. They range from tourism and agriculture to logistics, medical care and renewable energy.

Belt and Road partner

As an important meeting point of the ancient land and maritime Silk Roads, Greece is a natural partner for China when it comes to the construction of the Belt and Road, which consists of the overland Silk Road Economic Belt and the network of sea routes, the 21st-Century Maritime Silk Road.

Due to the debt crisis, Greece's infrastructure is facing insufficient investment. China, which has an advantage in both construction and investment, has stepped into this breach to increase investment in Greece and promote infrastructure connectivity, as advocated in the Belt and Road Initiative, Jiang said.

At the Port of Piraeus, Xi said he believes the joint pursuit of the Belt and Road will help Greece achieve the goal of becoming a regional transport and logistics hub, and give strong momentum to the cooperation between China and the Central and Eastern European Countries (CEEC).

Greek President Prokypis Pavlopoulos

said Greeks have a natural affinity for the Chinese as both China and Greece are countries with time-honored civilizations. Xi also said he felt the impact of history and realized that China and Greece have much in common after visiting the Acropolis Museum, accompanied by Pavlopoulos.

China and Greece are the inheritors of ancient Eastern and Western civilizations respectively. So with major changes occurring in the world, unseen in a century, they have the historical mission of using their wisdom to help address the problems and build a community with a shared future for humanity, Song said.

"The mutual understanding, amity and mutual respect between the two civilizations have enabled China and Greece to transcend differences in culture, institutions, and the stages and patterns of social development, and become a model of peaceful coexistence and win-win cooperation between different countries," she added.

In recent years, China and Greece have built a bridge of interactions through cultural activities, educational exchanges and tourism, which have helped enhance people-to-people ties. The Business Confucius Institute set up in Athens in 2009 and the China Cultural Center in Athens have become important platforms for cultural exchanges.

The China-Greece Action Plan (2020-22) signed earlier this year outlines priority areas for collaboration such as transportation, energy, telecommunications, financial services, processing, and research and development.

In an article published in Greek newspaper Kathimerini on November 10, Xi said, "We need to step up Belt and Road cooperation with down-to-earth efforts, make the most of the location and shipping capacity of Greece, seize the opportunities brought



Chinese President Xi Jinping visits the Acropolis Museum with Greek President Prokipsis Pavlopoulos in Athens on November 12

by Greece's joining the China-CEEC cooperation, actively advance practical projects under the China-Europe Land-Sea Express Line, and contribute to the China-EU Connectivity Platform."

The China-EU Connectivity Platform, proposed during the 17th China-EU Summit in 2015, aims to improve infrastructure links between the two sides and better synergize the Belt and Road Initiative with the Investment Plan for Europe that seeks to mobilize private investment.

17+1 model

In April, Greece joined the cooperation mechanism between China and the CEEC, turning the 16+1 bloc into a 17+1 model.

The former 16+1 cooperation between China, 11 EU member states and five Balkan countries, was a supplement to China-EU cooperation. Despite the downward global trend, trade between China and the CEEC grew by 21 percent in 2018, hitting a record high, while the CEEC's exports to China have increased about five times over the past decade.

However, there are still some differences. For instance, growing global challenges such as recession, the refugee problem and rising populism have raised the EU's concerns over China expanding cooperation with EU members, Ding said.

But collaboration and communication far exceed competition between China and the EU, and Greece's officially joining the

mechanism is testimony to that, Jiang said, adding that the mechanism has become more attractive with Greece's presence.

Song agreed, saying as a member of the EU and the euro zone, Greece can play an important role in promoting China-EU relations. The success of projects run by Chinese companies in Greece will also help address the doubts of some European countries about Chinese investment in Europe.

China will further open up its economy and resolve its economic differences with the EU through dialogue, including negotiations on the China-EU Investment Agreement, Ding said. The comprehensive agreement is scheduled to be concluded in 2020. **CI**



Canon staff present the Japanese multinational's medical equipment during the Second CIIE in Shanghai on November 6

Importing Demand

China's import expo is a fresh new model for global economic growth By Michael Zakkour

At a time when the role and value of free trade among major nations, in relation to local, regional and global economic development, is being reevaluated and questioned, the Second China International Import Expo (CIIE), which was held in Shanghai from November 5 to 10, provided some guidance, answers and encouragement regarding the continuation of global progress made over

the past 30 years.

In his opening address, Chinese President Xi Jinping addressed the issue head on, saying, "Let us work together to build an open world economy through cooperation. As global value and supply chains continue to develop, countries are more interconnected and the integration of their economies is the order of the day."

Joining hands

The distances among countries is getting shorter, while interactions among countries are growing, thus the probability of differences and frictions grows as well. We need to join hands with each other instead of letting go. We need to tear down walls, not erect them. We need to stand firm against protectionism and unilateralism. We need to continually bring down trade barriers,

optimize global value and supply chains, and jointly foster market demand.

The Second CIIE saw a multitude of foreign companies gather to present a wide array of high-quality consumer, industrial and agricultural products to an eager audience of Chinese companies and entities seeking to buy, distribute and sell these products in China.

In a multi-year commitment to increasing the number and volume of imported goods from around the world, China made the First CIIE in November 2018 a major and tangible part of this effort, resulting in \$57 billion of new import deals. At the Second CIIE, \$71.13 billion worth of tentative deals were reached for one-year purchases of goods and services, up 23 percent.

With representatives from 181 countries, regions and international organizations and more than 3,800 companies in attendance, including makers of appliances, food and beverage products, apparel and pet food, the event offered an important opportunity for the joint public/private development of shared economic growth. While their products may differ, the hopes of these companies and the nations they hail from are largely similar. They all understand that the opportunity to export ▶▶



The writer is a U.S.-based author, consultant and op-ed contributor to *Beijing Review*

consumer and industrial goods, and raw materials to China has never been more urgent and important, for them or for China.

In recent years, Chinese consumers have grown in number, sophistication and mobility, and are now fully integrated into the New Retail model that blends online, offline, technology and logistics for a new way of making, moving, selling and buying things.

While some sectors of the Chinese economy are adjusting to transition by resetting operations and expectations, the retail sales of consumer goods grew by 8.2 percent in the first three quarters of 2019 year on year. The bottom line is that every avenue that leads to giving consumers what they want, including foreign products and brands, must be addressed and followed.

The expo is an important place where e-commerce giants, distributors and brand owners are meeting to ensure that growing consumer demand for foreign products is met. This demand is critical to further developing the Chinese economy based on consumption and services.

According to an official announcement on the CIIE website, the event is specifically designed to address the confluence of trade and the international relationships at the heart of trade agreements. "As an open cooperation platform for China to invite countries around the world to show their national image and engage in international trade, the CIIE is not only a product display platform for expanding imports, propelling global multilateral trade and showing achievements of economic development, but also proves to be a diplomatic arena at home for enhancing friendly exchanges and cultural exchanges among countries and regions," it said.

"The import expo is a very important international relations tool for China. It's more than just saying that it's open for business," said Rodrigo Zeidan, an associate professor of business and finance at New York University in Shanghai. "There is this subtext that is about China's role in the global economy."

In the 1990s and 2000s (and to a certain degree today as well), the biggest and most important trade event in China was the China Import and Export Fair held in Guangzhou, Guangdong Province in south China, also known as the Canton Fair. Twice a year, tens of thousands of people from all over the world gather in the city to meet with thousands of Chinese manufacturers to find the ideal products and sourcing partners for their domestic businesses.



A staff member of a Swiss brand shows off its limited-edition watches during the Second CIIE in Shanghai on November 6

The CIIE is a sign of how things have developed in China over the past 25 years. Consumption continues to rise and set new records; technology and innovation are driving the expansion of services and consumption; and China is an active participant and driver of global free trade with a new emphasis on imports.

Increasing demand

Hot on the heels of the closing of the Second CIIE, the most important consumer event in China took place. On November 11, the annual 11/11 Global Shopping Festival, spearheaded by the Alibaba Group, kicked into high gear.

I spent this year's festival at Alibaba's headquarters in Hangzhou in Zhejiang Province, east China, to witness firsthand the blend of technology, e-commerce, logistics and entertainment that makes 11/11 the biggest consumer event in the world. Alibaba, JD.com, Kaola and other Chinese e-commerce, technology and consumer giants committed significant resources, money and thought to help ensure that even more foreign consumer

product and retail companies could meet the demand of Chinese consumers for goods and services at last year's CIIE.

This year, Alibaba shattered 2018's sales of \$30 billion by selling \$38.3 billion worth of goods. Foreign brands and retailers were at the forefront of the record breaking day. The top-selling countries were Japan, the Republic of Korea, the United States, Australia, Germany, France, Italy, Canada and New Zealand.

This is proof that the demand for foreign products is healthy in China and that tech and e-commerce giants are playing an important role in cross-border commerce.

A commitment by Chinese companies to import foreign industrial, agricultural and hi-tech products and raw materials, combined with a robust demand for consumer products, are keys to the success of the spirit and organization of the Second CIIE.

It is hoped that the event, with its model of mixed business-to-business, government-to-government and organization-to-organization engagement, will enable the kind of cooperation that leads to continued global economic growth and that China's role in that mission will be critical. **CI**

Setting a Template

A political gathering highlights international cooperation for the common development By Li Xiaoyang

China has become a role model for many other countries in terms of pursuing economic growth while protecting the environment and improving people's well-being, Amirah Kaca Sumarto, a member of the Party of Functional Groups in Indonesia, said at a gathering of global political parties in Nanchang City on November 20-21.

Jointly hosted by the International Department of the Communist Party of China (CPC) Central Committee and the CPC Jiangxi Provincial Committee, the event was attended by over 300 members of political parties from around 60 countries.

Through turning visions into reality, China has impressed the world with its prominent growth. Its achievements can be partially attributed to the unique development path in line with domestic conditions, according to Helal Helal, Deputy General Secretary of the Baath Arab Socialist Party of Syria.

"The trips these days allow me to see the achievements of China with my own eyes, such as better housing, improved well-being of the people and technological innovation," Sumarto said, adding that the country's reform and opening up is quite relevant and motivating for Indonesia.

Hossam Elkhoully, General Secretary of Future of Nation Party of Egypt, also noted that much of China's experience is worth learning from. "It has achieved rapid development over the past decades and improved living standards of its people, which is far from easy for a country with around 1.3 billion population," he told the gathering.

As a follow-up of the Fourth Plenary Session of the 19th CPC Central Committee held in October, the event continued to focus on improving the system of socialism with Chinese characteristics and promoting the modernization of the country's system and capacity of national governance.

China's practice of socialism with Chinese characteristics provides good reference for other countries to pay close attention to their own national condi-



Song Tao, Minister of International Department of the CPC Central Committee, delivers a speech during a conference on the CPC's core values in Nanchang, Jiangxi Province on November 21

tions and formulate corresponding plans, Sumarto said.

The benefits of China's growth are expected to go beyond the Chinese people as the country pushes ahead with further

opening up and seeks more international cooperation, according to Khamphanh Phommathath, a member of the Political Bureau of the Lao People's Revolutionary Party Central Committee and the Secretariat of the Committee. China has seen its global and regional influence rise as it shoulders its responsibility as a major power. Its progress has contributed to regional economic growth and promoted common development, notably through cooperation under the Belt and Road Initiative.

"China with steady growth will further deliver great benefits to the world, which can advance reforms of the global governance system," Bjornar Selnes Skjaeran, Deputy Leader of the Norwegian Labor Party told *Beijing Review*.

According to Su Changhe, Dean of the School of International Relations and Public Affairs at Fudan University, the country needs to further improve exchanges with other countries on national governance for joint development. **CI**



A conference on the core values of the Communist Party of China is held in Nanchang, Jiangxi Province on November 21



Farmers pick navel oranges in an orchard in Xunwu County, Jiangxi Province in east China, on November 6

Seeds of Change

Farmers in east China show the way to self-reliance by growing locally and selling globally By Li Xiaoyang

In November, when over 300 delegates from political parties from 60 countries toured Jiangxi Province in east China, they met Deng Daqing, a 62-year-old farmer from Ruijin, a revolutionary base of the Communist Party of China (CPC) in the early 1930s. Deng is now a household name in the area because of his efforts to reduce poverty, not only of his own family but of the village where he lives.

It is a long way from Ruijin to Trinidad and Tobago in the Caribbean, but Ancil Antoine, a member of parliament from the island nation, bridged the gap during the

visit. In addition to the usual things that impress first-time visitors to China, Antoine was also struck by the orange planting industry in the city and Deng's story. He's a hero, Antoine said about the Chinese farmer.

A new start

Ruijin is recognized as the red capital and a cradle of the Chinese revolution because the forerunner of the People's Republic of China, the Provisional Central Government of the Chinese Soviet

Republic, was founded there in 1931. Located in the mountains, its inaccessibility that had been an advantage during wartime became a bottleneck for economic development after the founding of the People's Republic in 1949.

A decade ago, Deng was struggling to make ends meet. A string of diseases left him mired in debts and his attempt to grow green plums and Valencia oranges, sweet summer oranges deriving their name from the city in Spain, ended up in losses.

When he was at his wits' end, local of-

ficials advised him to try a new crop: navel oranges, seedless winter oranges that were better suited to the local soil and humid climate. They also helped him apply for a loan and free training.

In 2014, his first navel orange trees bore fruit and to his delight, fetched him around 30,000 yuan (\$4,268). He began to focus on the fruit and today, is growing it on 2 hectares.

Three years ago, helped by his son, Deng opened a store on Taobao, the popular online marketplace created by tech giant Alibaba, to promote the sale of the oranges. He also started an association for orange growers in his village to pool in information and resources and promote local products. Now navel oranges from the little village are also sold outside China, in the countries along the route of the China-Europe freight train that connects Jiangxi with Uzbekistan, widening sales channels.

In 2017, all households in Deng's village shook off poverty as their per-capita income reached 13,000 yuan (\$1,848).

Mass participation

More and more farmers like Deng have switched to the industry and orange groves with their plump fruits have become a common landscape in Ruijin. By 2018, the entire city had cast off poverty

by developing industries suited to local conditions, notably orange planting.

Chen Fobao, Secretary of the CPC Committee of Huangbai Township in Ruijin, said a 1,000-hectare navel orange orchard, the largest in China, has been established in the area, where over 1,000 households from five villages work. Last year, it produced 16,000 tons of oranges with an output value of 110 million yuan (\$15.6 million).

"We expect 18,000 tons this year, fetching around 120 million yuan (\$17 million)," he told *Beijing Review*.

There are two more large orchards in Ruijin that have helped more than 30,000 people cast off poverty.

"For better sales, we have formed cooperatives of orange growers and are providing training and marketing services to link farmers with enterprises and strengthen the supply chain," Chen said.

The success story of Ruijin is only part of China's poverty alleviation drive. The national aim is to build a moderately prosperous society in all aspects by 2020.

Despite the current progress, the battle against poverty is not yet over. According to official data, 16.6 million rural people were still living below the national poverty line by the end of 2018. More than half of them are from the less-developed western regions.

As the countdown starts, the au-

thorities are focusing on supporting the poorest who reside in remote and mountainous regions with tough natural environment and inadequate infrastructure. For sustainable economic growth of the poor regions, distinctive industries are being encouraged to enhance local self-reliance, such as leisure agriculture and rural homestays.

Online marketing

Currently, many other regions in Ganzhou, the city that Ruijin is part of, are also eyeing the industry for a more prosperous life.

In Xunwu County, another major navel orange production base in Ganzhou, Dongyuan Fruit, a company established in 2008, has developed a complete industrial chain covering planting, sorting, packaging and warehousing.

Chen Wei, a manager of Dongyuan, said the company sold over 300,000 kg of oranges on Tmall, Alibaba's business-to-consumer online marketplace, in 2015. Last year, its online sales volume exceeded 1 million kg. Since early November this year when oranges hit the market, it has sold over 250,000 kg on Tmall and other platforms, daily sending out 2,000 packages on average.

With the rise of New Retail that blends online and offline experiences, a growing number of orange growers have turned to e-commerce platforms and seen substantial sales growth. In 2018, the online trading value of navel oranges crossed 5 billion yuan (\$723 million) in Ganzhou, accounting for 42.2 percent of its total sales volume.

The value of the navel orange industry in south Jiangxi, where many orchards are located, reached 12.2 billion yuan (\$1.7 billion), improving the income of around 250,000 households and providing jobs for 1 million people, according to official data.

However, the reputation of the region's oranges has also led to other regions trying to cash in on their fame. "Some online sellers from other regions pretend that their oranges are from Ganzhou, which is adversely impacting the local orange industry," Chen Wei said.

Liu Limin, an official with the fruit industry bureau in Ruijin, suggested that a quality control mechanism should be employed to increase the market share of Ganzhou's navel oranges and nurture brand recognition. **CI**



A worker of an e-commerce company in Xinfeng County, Jiangxi Province in east China, sells navel oranges online on November 14, 2018

China Means Business

Efforts to improve the business environment sees higher ranking in World Bank study
By Wang Jun

When he spoke at the Understanding China conference in the southern city of Guangzhou, Guangdong Province, in September, Zeng Qinghong, Chair of Guangzhou Automobile Group, a Chinese automobile maker headquartered in the same city, sounded upbeat.

"We have reached a deal with Toyota who will invest 15 billion yuan (\$2.13 billion) in two new factories in Guangzhou," he said, talking of the Japanese multinational's latest agreement with his company. Zeng attributed it to the sound business environment in China. "It's the recognition of China's improvements that make foreign companies feel confident to increase investment," he remarked.

Just two days before the tribute, the World Bank released its Doing Business 2020 study which gave China a leg-up. The report ranked China 31st globally out of 190 countries and regions in its ease of do-

ing business rankings, with a score of 77.9 out of 100. For the second year in a row, China joined the ranks of the world's top 10 most improved economies for ease of doing business.

An engine for growth

"Efforts to optimize the business environment will help bolster institutional reform, encourage fair competition, and stimulate the vigor of the economy and market motivation, thereby boosting high-quality development," economist Fan Hengshan said at the Guangzhou conference.

Martin Raiser, World Bank Country Director for China, acknowledged that China has undertaken substantial efforts to improve the domestic business climate for small and medium-sized enterprises, maintaining an active pace of reforms. In

a World Bank press release on October 24 accompanying the study, he said. "Laudable progress has been achieved on a number of Doing Business indicators, particularly in the area of construction permitting."

According to the World Bank report, it now takes 111 days to go through the procedures to obtain permission for construction in China, against an average 132 days in the East Asia and Pacific region. The Chinese economy received a perfect score of 15 points in the quality index of the indicator, compared to the average 9.4 points given to the region.

China has also simplified requirements to obtain permits for low-risk construction projects and reduced the time taken to get water and drainage connections. It now ranked 12th globally in getting electricity connection, which is significantly better than the rest of the region.

Chinese businesses need to complete



A German engineer tests equipment at IMS Gear (Taicang) Co. Ltd. in Taicang, east China's Jiangsu Province, on October 31



Volkswagen officials celebrate the localized production of key components of their new-energy cars in Tianjin Development Zone on June 20

just two procedures and spend 32 days to obtain a connection, half the average of 4.2 procedures and 63 days in the East Asia and Pacific region, the study said.

Better judicial rule

China has also improved the quality of judicial administration, and scored 17 out of 18 on this index, the highest in the world. A local entrepreneur spends on average 496 days and 16.2 percent of the claim value to resolve a commercial dispute, much faster and less expensive than the regional average.

"The government must bear in mind that the essential part of the business environment is a transparent, steady and predictable legal environment," said Long Yongtu, former Vice Minister of Commerce, at the Understanding China conference. According to him, what overseas and domestic private businesses are most concerned about is not preferential treatment, but uncertainties in the investment environment.

"Judicial governance is an important part of the business environment, and judicial authorities at all levels have made significant contributions to the rapid increase of China's global ranking in the ease of doing business index," Xiao Jianguo, a professor at the Law School of Renmin University of China, told *People's Court Daily*. "Especially, the Supreme People's Court (China's highest judicial organ) has issued judicial interpretations and guidelines to improve the enforcement of contracts."

The World Bank study uses the contract enforcement indicator to measure a country's efficiency to solve commercial disputes. Here China scored 80.9 compared

with 79 in the previous year, ranking fifth in the world. Under this indicator, the quality of judicial process index measures whether each economy has adopted a series of good practices in its court system in the four areas of court structure and proceedings, case management, court automation and alternative dispute resolution. Here China scored 16.5 out of 18, compared with 8.1 in the East Asia and Pacific region.

To improve the business environment, the State Council, China's cabinet, issued a regulation on improving the country's business environment on October 23. The regulation, which comprises 72 articles on protection of market players, the market environment, government services, supervision and law enforcement as well as legal guarantee, will be effective as of January 1, 2020.

"As the first comprehensive administrative regulation in China in this regard, it covers almost every aspect of improving the business environment," Ning Jizhe, Vice Minister of the National Development and Reform Commission, said at the policy briefing held by the State Council Information Office on October 23.

"The regulation highlights fair competition, stressing that all types of market players have equal access to production factors and are equally protected by law. This is the essence of the entire business environment," Chang Xiuze, an economist, told Red Star News, a new media platform based in Chengdu, southwest China's Sichuan Province.

Room for improvement

However, despite the laurels, there are

some challenges as well.

"While there has been substantial progress, China still lags in areas such as paying taxes (105th in ranking), getting credit (80th), and trading across borders (56th). It takes 21 hours and costs \$256 when exporting to comply with the border requirements, longer and more expensive than among Organisation for Economic Co-operation and Development high-income economies," the World Bank study said. "And a Chinese company must spend an average of 138 hours per year complying with fiscal requirements, compared to 64 hours in Singapore."

According to a report by *21st Century Business Herald*, a business newspaper in Guangzhou, since the World Bank study collected figures on paying taxes from January 1 to December 31, 2018, China's 2-trillion-yuan (\$284 billion) tax cut carried out this year was not included in the assessment of this indicator. This means that China's performance for paying taxes will be better in the 2021 report.

"There are still many things to improve in the business environment, such as simplifying the visa procedures for foreign professionals, further cutting the negative list of sectors off limits to foreign investors, and reducing tariffs and subsidies," Wang Huiyao, founder and President of the Center for China and Globalization, a Beijing-based think tank, told *Chengdu Economic Daily*.

"Even for developed economies, attracting foreign investment is very important. We must make our business environment more attractive to overseas capital, professionals and technologies," Wang said. **CI**



Not Getting Old

Annual online shopping extravaganza continue to set sales records By Li Xiaoyang

At 3 a.m. on November 11, Jin He, a teacher in his 20s based in the southwestern municipality of Chongqing, finished paying for all the goods in his shopping charts on Tmall.com, the digital marketplace of Chinese e-commerce giant Alibaba, and another e-commerce platform JD.com. For him, waiting for flash sales that start at midnight on the annual 11/11 online shopping festival has become a ritual since 2012.

Jin spent about 8,000 yuan (\$1,142) on Tmall and 2,000 yuan (\$285) on JD.com this year, buying products ranging from clothes to household appliances. According to him, about a third of these commodities were pre-ordered during promotional activities starting in late October.

"The prices offered for the event were really cheap with big discounts and the delivery time was fast," he told *Beijing Review*, adding that shopping on November 11 last year saved him a lot on house decor.

Like Jin, many consumers' enthusiasm for the 11/11 activities this year remained vibrant as the consumer festival entered its second decade. Initiated by e-com-

merce giant Alibaba Group on November 11, 2009, it has become one of the largest online shopping sprees worldwide. Similar to the U.S. Black Friday and Cyber Monday events, the gala is widely joined by buyers and sellers at home and abroad.

This year, Tmall set a new record as its sales hit 10 billion yuan (\$1.43 billion) just 96 seconds after midnight, down from 125 seconds in 2018. Compared to more than eight hours last year, the platform took one hour, 26 minutes and seven seconds to reach 120.7 billion yuan (\$17.2 billion) in transaction volume, exceeding 2016 total sales.

During the 24-hour event, Chinese consumers spent 268.4 billion yuan (\$38.4 billion) on Tmall, 54.9 billion yuan (\$7.8 billion) more than last year. Latecomers in the promotional frenzy such as JD.com and Suning.com also reported strong sales growth.

According to Alibaba Chairman and CEO Daniel Zhang, new consumption based on digital modes has distinguished this year's event from previous editions, allowing sellers to better meet customers' demands. "It

A screen in Alibaba Group's media center in Hangzhou, Zhejiang Province in east China, shows that its e-commerce platform Tmall's sales hit 100 billion yuan (\$14.27 billion) in one hour, three minutes and 59 seconds on November 11

is more than a shopping festival, it is also an occasion for brands to develop and interact with consumers," he said.

Continuing to soar

From a sales promotion campaign of Alibaba to a nationwide shopping festival, the 11/11 bonanza has enabled consumers to enjoy discounts and brought great profits to e-commerce platforms and online stores.

With sales during the first edition in 2009 totaling about 52 million yuan (\$7.4 million), Tmall reported 213.5 billion yuan (\$30.4 billion) worth of transactions in 2018, which surpassed Black Friday and Cyber Monday combined.

This year was again a magnet for both consumers and sellers. Along with domestic businesses, more than 22,000 overseas brands from 200 countries and regions participated, providing about 1 million new products and attracting more than 500 million consumers, according to Alibaba.

More buyers placed early orders to get further discounts. More than 64 brands

made over 100 million yuan (\$14.3 million) in gross merchandise volume during the pre-order phase on Tmall starting on October 21, which was twice the number of brands compared to last year.

The U.S. skincare brand Estee Lauder had sales of nearly 500 million yuan (\$71.3 million) within 25 minutes after its pre-order started, exceeding its full-day sales for last November 11.

As Tmall broke sales records, JD.com and Suning.com, both strong in household appliance sales, also reaped huge profits.

JD.com reported its accumulated sales from November 1 until November 11 were 204.4 billion yuan (\$29.19 billion). Its sales of air conditioners exceeded 100 million yuan (\$14.3 million) within 20 seconds after midnight on November 11. In addition, more than 10,000 65-inch televisions were sold within eight seconds, according to the company.

Suning.com said its orders within the first hour of November 11 increased 89 percent compared to the same period last year, with sales of intelligent digital products increasing by 288 percent.

Customer enthusiasm was largely generated by limited-time offers on online marketplaces. For example, on November 8, which was JD Member's Day, the company provided great discounts for its JD Plus members.

After the clock struck midnight on November 11, Tmall also provided customers with a preferential policy of 50 yuan (\$7.1) off on 400 yuan (\$57) worth of products, which was not limited to one store.

Sharpening edges

As competition among sellers and e-commerce giants becomes fiercer in terms of driving sales and retaining users, they have stepped up efforts to launch more products tailored to customers, improve services and expand promotions.

Technology is also essential to the success of the 11/11 festival. The Alibaba Cloud, launched in 2009, has played an increasingly important role in supporting the event. At its peak, 544,000 orders were created in a second on the platform this year, a figure 1,360 times higher than in 2009, according to Alibaba.

In addition, Cainiao Network, Alibaba's logistics arm, adopted intelligent technologies to reduce human labor and improve efficiency. To shorten the time of delivery, commodities were sent ahead of time to warehouses close to consumer addresses



to ensure timely arrival. Meanwhile, JD.com launched the first 5G-based logistics park in China.

To stand out amid competition, e-commerce platforms are also trying to reach more customers. Since the rise of mobile payment has made an increasing number of Chinese customers turn to shopping on their smartphones, new battlefields have emerged.

Internet live-streaming, as a direct way to reach millions of consumers, was a highlight of this year's promotional campaigns. By presenting products to viewers and making them feel closer to the seller, many influential vendors were able to sell their products within seconds.

Viyaaa, the top-selling live-streaming hostess on Alibaba's Taobao platform, presented a wide range of goods in her shows on November 11, attracting 13 million viewers.

Alibaba invested heavily on Internet influencers to attract more potential customers to its Taobao app this year. Influencers on social media and video platforms were invited to help drive sales in various categories.

Supported by live-streaming, the French cosmetics brand L'Oreal's pre-order volume increased 700 percent over last year. Its 17-hour broadcast on the first day of pre-order on Tmall attracted nearly 1 million views.

According to Jiang Fan, President of Tmall and Taobao, live-streaming and installment loans drove up their sales growth this year. "It's the first year that live-streaming was adopted as a major promotional approach for half of the merchants," he said.

As the group's financial report showed, Internet live-streaming boosted transactions by 100 billion yuan (\$14.27 billion) during Alibaba's 2019 fiscal year.

As Jiang suggested, the new live-streaming approach allows sellers to

interact with customers and reach more people in small cities, towns and rural areas as well.

A key driving force of this year's 11/11 robust sales was consumers in China's small cities and towns, where annual consumption value is expected to triple to \$6.9 trillion in 2030, said Jennifer Ye from PricewaterhouseCoopers China, a multinational professional services network.

According to JD.com, about 40 percent of its new users were from its mobile app Jingxi during this year's 11/11 campaign, which helps promote products through connecting with the social media platform WeChat. Among its users, over 70 percent were from small cities and towns.

According to the National Bureau of Statistics, China's online retail sales rose 16.8 percent year on year to 7.32 trillion yuan (\$1.04 trillion) in the first three quarters of the year. During that period, online retail sales in rural areas totaled 1.2 trillion yuan (\$171 billion), up 19.7 percent year on year.

"E-commerce platforms can help improve the commercial infrastructure of small cities and towns, as well as boost consumption upgrade," Li Yongjian, a research fellow with the National Academy of Economic Strategy at the Chinese Academy of Social Sciences, told 21st Century Business Herald.

Improvements ahead

The burgeoning sales of the 11/11 festival show the potential of China's consumption market as e-commerce becomes a key driver of the retail sector. But behind the frenzy are problems such as standard products and poor services.

E-commerce merchants need to further improve services to provide customers with a better experience for sustainable growth, Sang Baichuan, a professor at Beijing-based University of International Business and Economics, told *Beijing Review*.

Whether the festival can be developed into a sustainable engine also remains a question, according to Xu Hongcai, Deputy Director of the Economic Policy Commission, China Association of Policy Science. Frequent shopping festivals are losing consumer appeal, he said, adding that the dazzling sales figures do not necessarily translate into a strong purchasing power since some people may turn to a frugal lifestyle after the shopping spree.

"The key to boosting consumption is still improving people's income," Sang said. **CI**