

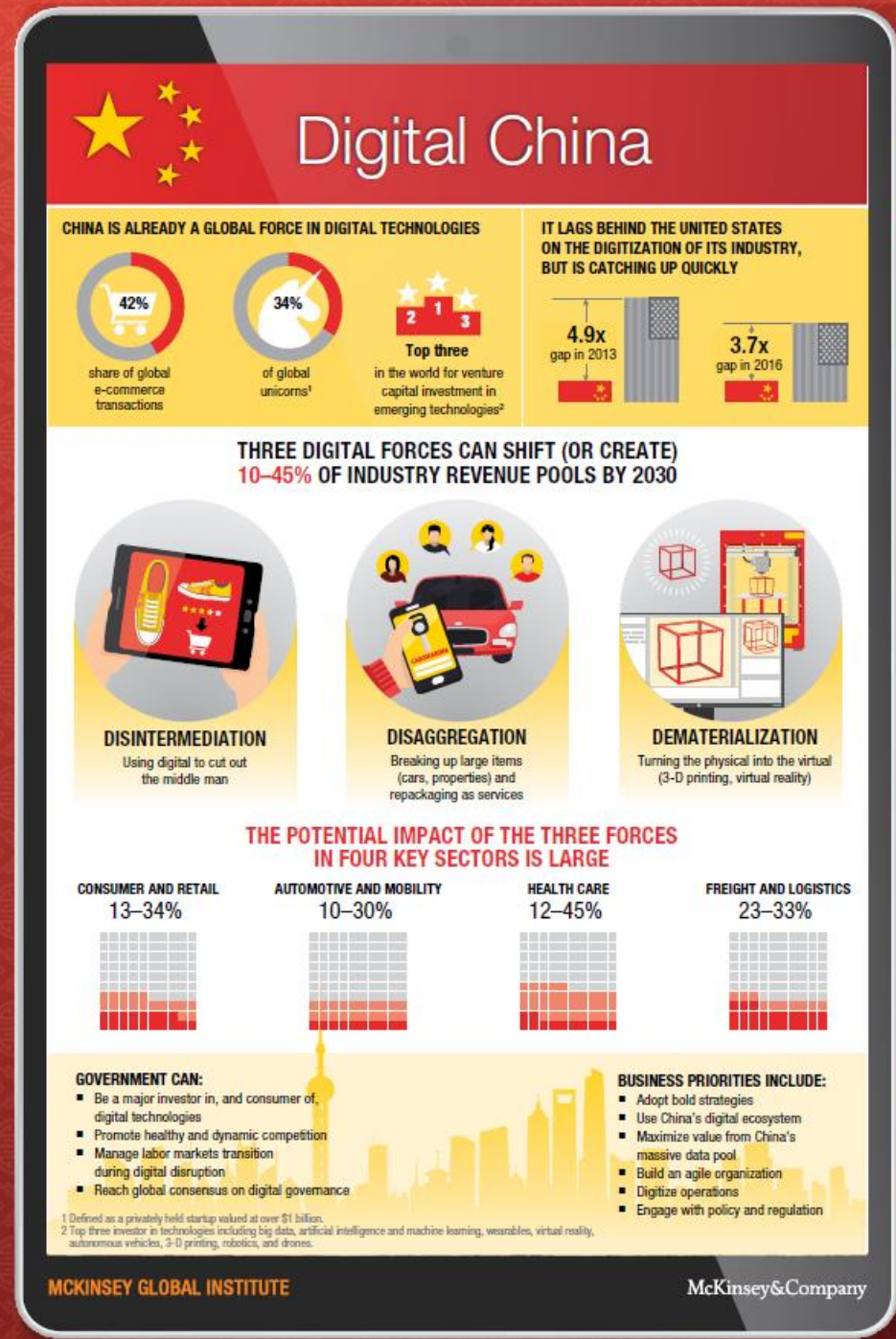
# China's E-commerce Success Story: Role of Government and Policy Implications for the CAREC Countries

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# Success Story of E-Commerce in China



## Digital China

**CHINA IS ALREADY A GLOBAL FORCE IN DIGITAL TECHNOLOGIES**

- 42% share of global e-commerce transactions
- 34% of global unicorns<sup>1</sup>
- Top three in the world for venture capital investment in emerging technologies<sup>2</sup>

**IT LAGS BEHIND THE UNITED STATES ON THE DIGITIZATION OF ITS INDUSTRY, BUT IS CATCHING UP QUICKLY**

- 4.9x gap in 2013
- 3.7x gap in 2016

**THREE DIGITAL FORCES CAN SHIFT (OR CREATE) 10–45% OF INDUSTRY REVENUE POOLS BY 2030**

- DISINTERMEDIATION**: Using digital to cut out the middle man
- DISAGGREGATION**: Breaking up large items (cars, properties) and repackaging as services
- DEMATERIALIZATION**: Turning the physical into the virtual (3-D printing, virtual reality)

**THE POTENTIAL IMPACT OF THE THREE FORCES IN FOUR KEY SECTORS IS LARGE**

CONSUMER AND RETAIL	AUTOMOTIVE AND MOBILITY	HEALTH CARE	FREIGHT AND LOGISTICS
13–34%	10–30%	12–45%	23–33%

**GOVERNMENT CAN:**

- Be a major investor in, and consumer of, digital technologies
- Promote healthy and dynamic competition
- Manage labor markets transition during digital disruption
- Reach global consensus on digital governance

**BUSINESS PRIORITIES INCLUDE:**

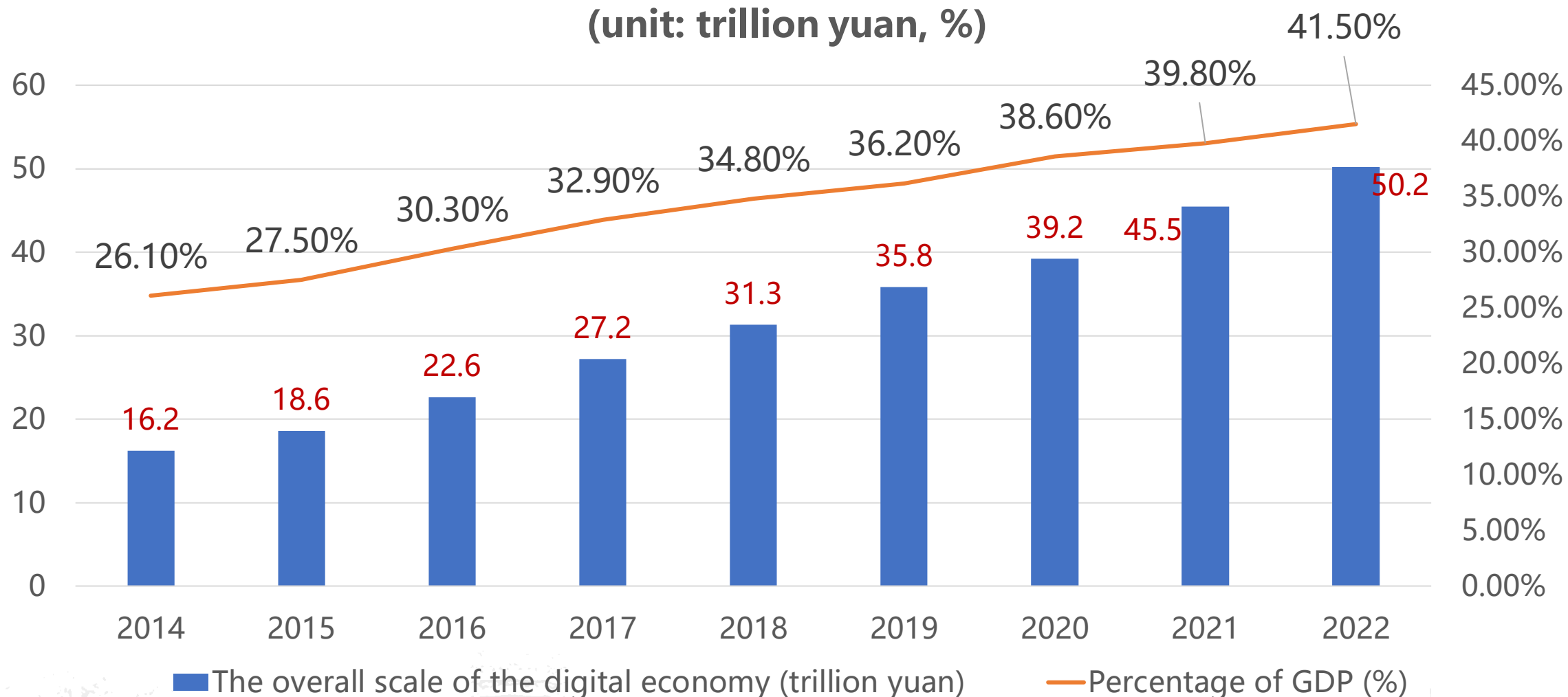
- Adopt bold strategies
- Use China's digital ecosystem
- Maximize value from China's massive data pool
- Build an agile organization
- Digitize operations
- Engage with policy and regulation

1 Defined as a privately held startup valued at over \$1 billion.  
2 Top three investor in technologies including big data, artificial intelligence and machine learning, wearables, virtual reality, autonomous vehicles, 3-D printing, robotics, and drones.

MCKINSEY GLOBAL INSTITUTE McKinsey & Company

# China's Digital Economy Scale and GDP Share

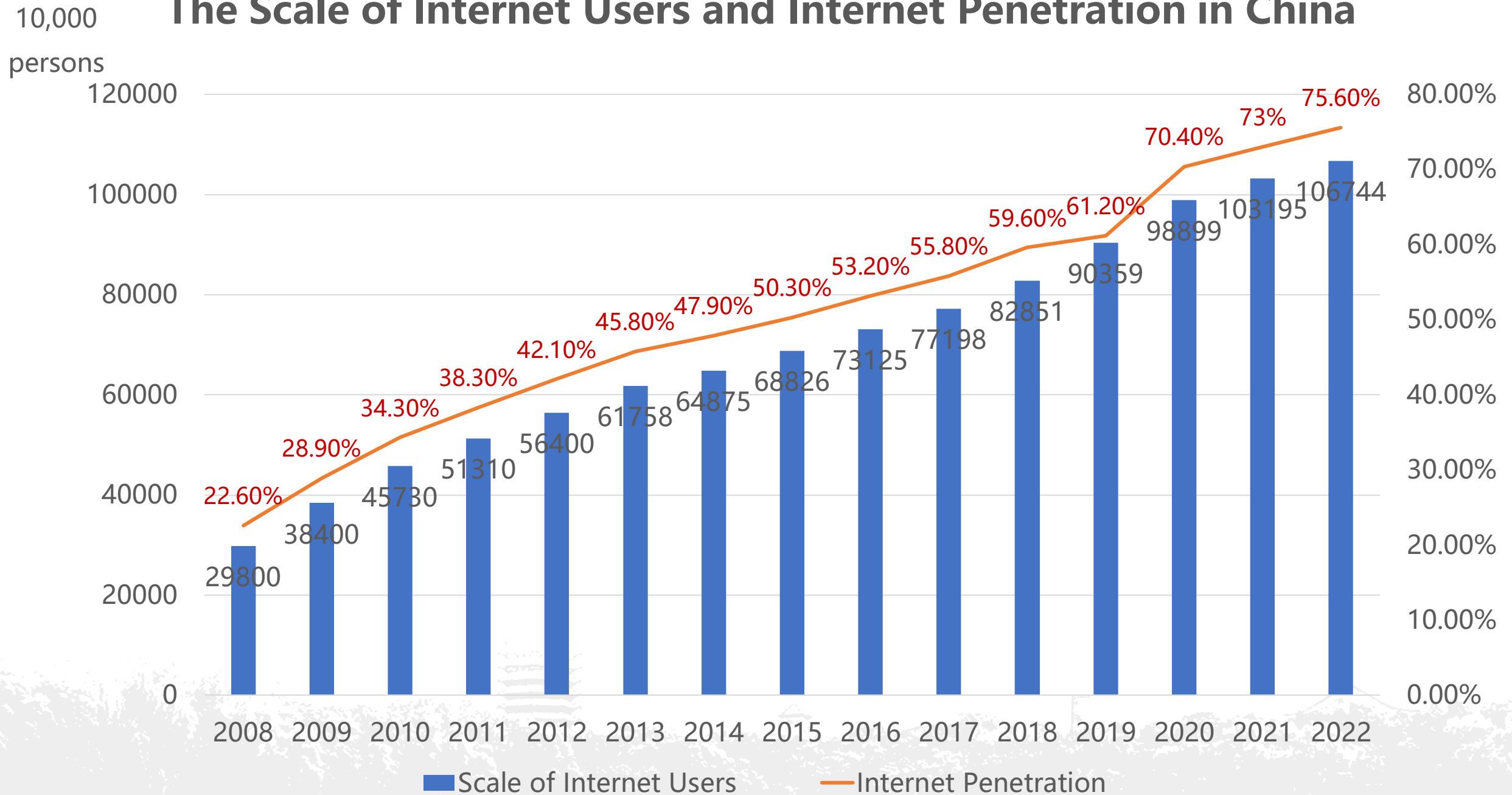
(unit: trillion yuan, %)



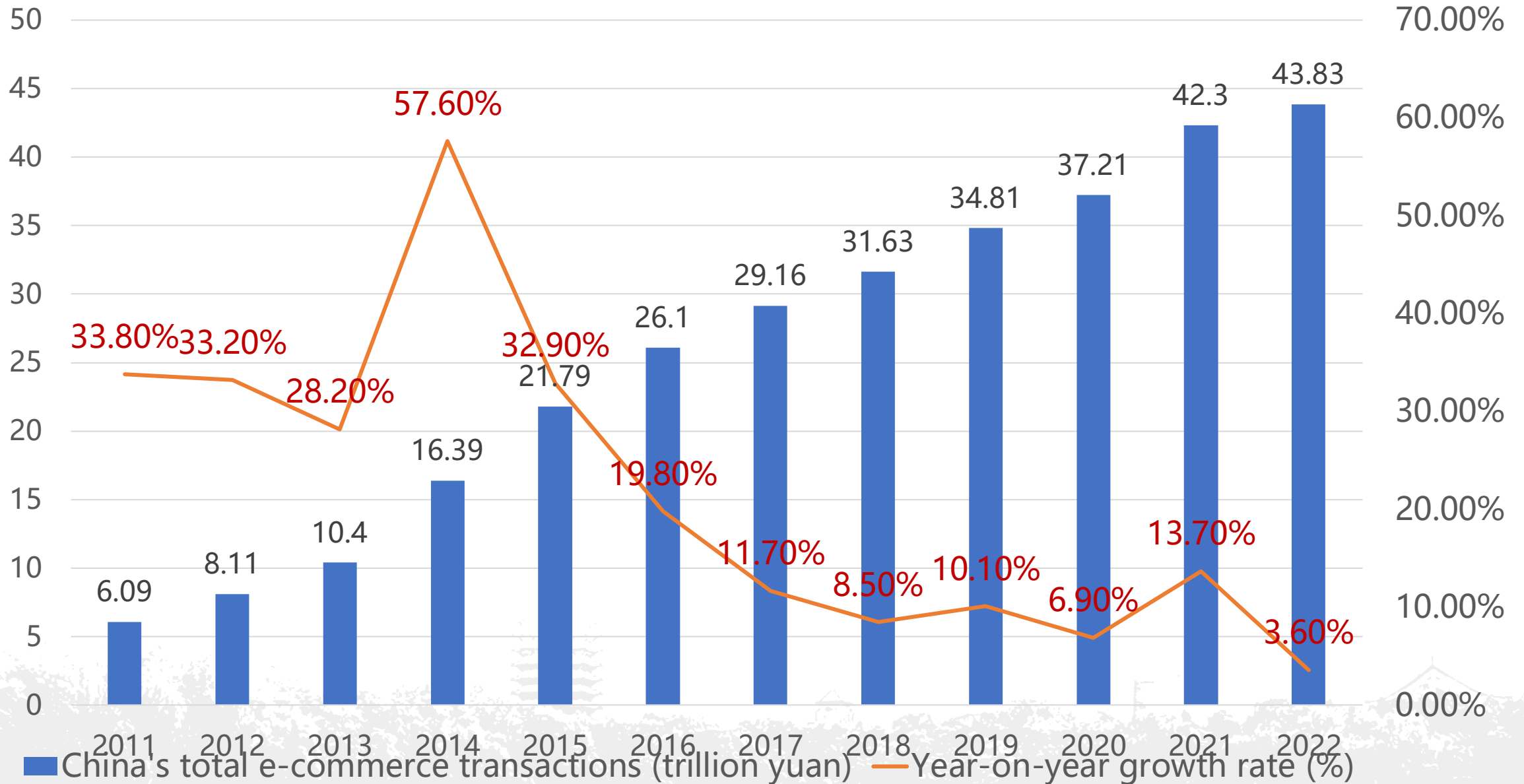
- Gross value of the digital economy (2022): RMB50.2 trillion, 41.5% of national GDP, accounting for approximately 77 percent of overall GDP growth.



# The Scale of Internet Users and Internet Penetration in China



# Total e-commerce transactions in China in 2011-2022



# E-Commerce development

- In 2022, China remained the **first** of global e-commerce.
- Total annual e-commerce transaction value is **greater than that of the United States, Japan, Germany, the United Kingdom and Korea combined.**
- Online business owners grew from 7.9 million (2008) to 87.5 million (2022)



# 国务院办公厅关于 促进农村电子商务加快发展的指导意见

## 发展目标



到2020年

初步建成统一开放、竞争有序、诚信守法、安全可靠、绿色环保的农村电子商务市场体系，农村电子商务与农村一二三产业深度融合，在推动农民创业就业、开拓农村消费市场、带动农村扶贫开发等方面取得明显成效。

## 重点任务

- 积极培育农村电子商务市场主体
- 充分发挥现有市场资源和第三方平台作用。

- 扩大电子商务在农业农村的应用
- 农业生产、加工、流通等环节。
- 农产品、民俗产品、乡村旅游等市场。

- 改善农村电子商务发展环境

- 硬环境：加强农村流通基础设施建设，提高农村宽带普及率，加强农村公路建设，提高农村物流配送能力。
- 软环境：加强政策扶持，加强人才培养，营造良好市场环境。

## 政策措施

- 加强政策扶持
- 鼓励和支持开拓创新
- 大力培养农村电商人才 ⇨ 实施农村电子商务百万英才计划。
- 加快完善农村物流体系 ⇨ 鼓励传统农村商贸企业建设乡镇商贸中心和配送中心。
- 加强农村基础设施建设 ⇨ 完善电信普遍服务补偿机制，促进宽带网络提速降费，推进城乡客运一体化。
- 加大金融支持力度 ⇨ 鼓励村级电子商务服务点、助农取款服务点相互依托建设。
- 营造规范有序的市场环境

02


# Role of Government

## National Policies

- **2014:** E-commerce to the countryside to promote rural economic development, alleviate rural poverty and reduce rural–urban disparity.
- **2014:** Actively Promoting the ‘Internet +’ Action”
- **2015:** “Poverty Alleviation through E-Commerce”
- **2016:** “Several Opinions on Deepening the Reform of the Commercial and Trade Circulation System and Accelerating the Development of E-commerce
- **2017:** ‘No.1 Central Document’ dedicated an entire section to accelerating the development of rural e-commerce.



## National Policies (cont.)

- **2017:** “E-Commerce Law”
  - **2018:** central government plan for the implementation of rural e-commerce development.
  - **2019:** to support the innovative development of e-commerce platforms, encourage the development of rural e-commerce
  - **2020:** to promote the integration of online education and e-commerce.
  - **2021:** to support integrated development of online and offline integrated development and promote the development of digital consumption.
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**County-level governments are encouraged** to devise specific policies to promote local e-commerce development.

**Clear focus** on rural e-commerce development

## **Sub-National/local Policies**

**Policies vary** from one locality to another

**Compatibility** with the existing conditions



- **Sub-National/local Policies:** Wuyi County, Zhejiang
  - Mountainous, poverty-stricken rural county
  - Transformed by e-commerce: 2018 GMV RMB 11.6 billion



- Form designated organization
- Recruit full-time staff
- Provide support and service to startups;
- Popularize the idea of e-commerce
- Promote champions
- Identify projects



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# Implications for the CAREC Countries



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# Policy implications

## Infrastructure

Stable and affordable internet access, convenient parcel delivery and logistics services



## Digital finance

Digital payment methods; digital lending and insurance; credit rating, etc.



## Balancing goals

Growth and risks, innovation and stability, expansion and competition...



## Work in synergy

Combination of grassroots organic growth and supportive government policies.





# Thank You

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