



**Asia-Pacific
Economic Cooperation**

Advancing Free Trade
for Asia-Pacific **Prosperity**

APEC Cross-Border E-Commerce Training (CBET) Workshop: *Enabling APEC SMEs to Access Global Market*

Beijing, China | 29-30 October 2019

APEC Committee on Trade and Investment

April 2020

APEC Project: CTI 04 2019S

Produced by
Lan Zinuo (Mr.)
Dept. of International Trade and Economic Affairs,
Ministry of Commerce of the People's Republic of China
No.2 Dong Chang'an Street, Dongcheng District, Beijing, China, 100010
Tel:(86)10-65197035
Fax:(86)10-65197980
Email: lanzinuo@mofcom.gov.cn, yumiao_gj@mofcom.gov.cn,

For
Asia-Pacific Economic Cooperation Secretariat
35 Heng Mui Keng Terrace
Singapore 119616
Tel: (65) 68919 600
Fax: (65) 68919 690
Email: info@apec.org
Website: www.apec.org

© 2020 APEC Secretariat

APEC#220-CT-04.3

Table of Contents

| | |
|---|----|
| I. Introduction | 1 |
| II. Summary of Workshop | 2 |
| Opening Remarks | 2 |
| Welcome Remarks | 2 |
| Session 1. Introduction of Global Trade Landscape (Keynote Speech) | 3 |
| Session 2. Introduction of Cross-Border E-commerce Value Chain .. | 4 |
| Session 3. Critical Issues, Challenges and Solutions of Cross-Border E-commerce – MARKETING (Panel Discussion) | 5 |
| Session 4. Critical Issues, Challenges and Solutions of Cross-Border E-commerce – LOGISTICS (Panel Discussion) | 8 |
| Session 5. Critical Issues, Challenges and Solutions of Cross-Border E-commerce – FINANCE (Panel Discussion) | 9 |
| Session 6. Trends and Forecasts of AI Technology (Keynote Speech) | 10 |
| Session 7 Applications of AI Technology in Cross-Border E-commerce (Panel Discussion) | 11 |
| Session 8. How could Trade Policies Facilitate SMEs’ Engagement in E-commerce (Roundtable Discussion) | 13 |
| Session 9. Summary Discussion | 14 |
| Closing Remarks | 16 |
| III. Conclusion | 16 |
| Appendix: Workshop Agenda..... | 1 |

I. Introduction

China delivered the APEC Cross-Border E-Commerce Training (CBET) Workshop, co-sponsored by Indonesia; Peru; Russia; Viet Nam and Hong Kong China, on 29 - 30 October 2019.

Digital Societies, Women, MSMEs and Inclusive Growth, and Sustainable Growth – these four pillars constitute APEC’s theme of 2019. To echo such priorities, and to contribute to implementing APEC Internet and Digital Economy Roadmap, back in April 2019, China proposed to host an APEC CBET workshop this October in Beijing, China. The theme of the workshop is *Enabling APEC SMEs to Access Global Market*.

We’re all aware how digitalization is revolutionizing at an unprecedented speed. Thus it’s becoming a pressing matter, not only for MSMEs, but for public sector – governments to fully comprehend the newest trends of digital economy, to keep pace of innovation and technological adoption, in order to deliver better public policies and improved government services to enable MSME growth.

Therefore, we customized the one-and-a-half-day workshop for government officials, attempting to enable the attendants to:

- Better capture the latest business opportunities and their impacts on traditional industries;
- Develop better awareness of the skills needed to enable MSMEs to participate in cross border e-commerce;
- Adjust policy-making to facilitate free and open trade through digital economy.

This workshop was participated by 43 attendees, including 7 funded by the workshop, who are government officials working in trade and e-commerce sectors in APEC travel eligible economies including Chile; Indonesia; Malaysia; the Philippines; Thailand and Viet Nam.

This workshop comprised of seven sessions. Session 1 ***Introduction of Global Trade Landscape***; Session 2 ***Introduction of Cross-Border E-commerce Value Chain***; Session 3 ***Critical Issues, Challenges and Solutions of Cross-Border E-commerce – MARKETING***; Session 4 ***Critical Issues, Challenges and Solutions of Cross-Border E-commerce –LOGISTICS***; Session 5 ***Critical Issues, Challenges and Solutions of Cross-Border E-commerce – FINANCE***; Session 6 ***Trends and Forecasts of AI Technology***; Session 7 ***Applications of AI Technology in Cross-Border E-commerce***; Session 8 ***How could Trade Policies Facilitate SMEs’ Engagement in E-commerce***; and Session 9 ***Summarizing Discussion***.

II. Summary of Workshop

Opening Remarks

Mr Zhang Shaogang, Director General for Department of International Trade and Economic Affairs of the Ministry of Commerce of China, opened the workshop by delivering opening remarks.

He talked about the meaning and importance of Micro, Small and Medium Enterprises (MSMEs). MSMEs are the engines of growth in the APEC region. They account for over 97% of all business and employ over half of the workforce across APEC economies. They contribute significantly to economic growth, with their share of GDP ranging from 20 percent to 50 percent in most APEC economies. In order to continuously release MSMEs' potential in trade expansion, job creation and social development, APEC has committed itself to the development of MSMEs.

He emphasized that the booming of cross-border e-commerce globally had become a massive incentive to economic growth of Asia-pacific region. With accessible and flexible as its core features, cross-border e-commerce could reduce the costs for MSMEs to access foreign market and participate in global supply chain.

He introduced the rapidly development of e-commerce in China. China has dedicated to working together with APEC economies to help MSMEs to integrate into global value chain and sharing experiences on promoting e-commerce.

He expressed his wish to create a sound environment for MSMEs to take the opportunities of e-commerce to go global by discussions about the critical and cutting-edge issues of the cross-border e-commerce ecosystem and how the favorable policy can facilitate the growth and development of e-commerce.

Welcome Remarks

Mr Alex Zhou, Vice President of DHgate.com, believed that our perspective should not be past-based, but future-oriented. With the development of e-commerce, the business opportunities have changed from "asymmetric information" to "producing competitive products". With the help of Internet, commerce is going back to its basics – for any entrepreneur, to arm themselves with core competencies, producing competitive products, rather than playing with information asymmetry, is the ticket to success. In this regard, it is Internet and e-commerce that are making China's domestic market a playground with fair rules, an arena that encourages innovation-driven achievements. Chinese economy harvested its development because of that future-oriented approach.

Alex shared an e-commerce legend in China. This young man was called Li Jiaqi. He was 27 years old. He made more than a million US dollars per year, without a rich dad, or being a movie star, he made his fortune by selling lipsticks online, from live streaming. Previously, his monthly income was 1,000 USD as a lipstick salesman at a shopping mall. But empowered by e-commerce and social media, he became the superstar of selling cosmetics. His record was – selling 15,000 lipsticks within 5 minutes.

In China, millions of SMEs and entrepreneurs like Li Jiaqi are creating miracles of China's e-commerce while fulfilling their dreams. DHgate.com, the company Alex is working at, is also a cross-border e-commerce platform. Since its inception 15 years ago, its mission has been to empower entrepreneurs around the world, to go global.

He also shared two other cases of DHgate.com e-commerce sellers.

One was the first seller from Turkey who was a young man named Omer. Omer owned an electronics store in Istanbul. A few years ago, his store used to be the busiest in the area. But as more and more Turkish people started online shopping, less and less customers visited his store – his business was really slowing down and he was eager to explore new markets. When he learned DHgate.com can help him sell globally, he decided to give it a try. He uploaded a few of his products immediately. On the 2nd day, without any promotion and advertising, Omer received his first order - a French buyer bought a Bluetooth speaker from Omer's store. Omer was completely amazed, and he said "never would I imagine selling my product to a foreign economy sitting at home. The speed, the convenience of online trade is totally beyond my expectation."

The other one Sarah is an online retailer on DHgate.com. As a single mother of two kids, she always wanted to give her kids the love they need, be around all the time, but the reality told her she had to make money and pay the bills. In order to support her family, she became an online retailer, sourcing baby toys and accessories on DHgate.com, and reselling them on Facebook.

Stories like those are happening in many regions and economies. Alex is excited to see that Latin America is experiencing an e-commerce booming, with a strong growth rate at 15% annually. Thus the next step, is to look for opportunities with local partners, to jointly empower Latam SMEs to access global markets, including the China market as well.

Session 1. Introduction of Global Trade Landscape (Keynote Speech)

Mr Lin Guijun, Executive Dean of Beijing Open Economy Research Institute, University of International Business and Economics (UIBE), former Vice President of UIBE made a presentation on "Introduction of Global Trade Landscape". This presentation explored the current trade landscape in APEC, particularly the opportunities and

challenges of cross-border e-commerce in the ongoing international economic environment.

He talked briefly about the broadly changing trends of global trade. Trade growth of the world had been declining since the trade war started. In short term, global trade situation was not optimistic.

He listed several factors affecting trading service, including digital technology, demographic, increased demand for skilled service. Digital technology of internet changed every aspect of our life. Demographic was changing too. People got to pay more attention to consumption behavior of elderly. With digitalization, demand for skilled service increased.

Session 2. Introduction of Cross-Border E-commerce Value Chain

This session focused on introducing various stakeholders and their roles under cross-border e-commerce ecosystem, including suppliers, industry clusters, buyers, logistic services, global payment and financing, etc.

This session included two parts.

2.1 Introduction to Cross-Border E-commerce (Animation)

The first part was a short video. The video told a story about Sam from a small town in Atlanta, US. 37-year-old Sam runs an electronics store. What troubles him is – Walmart's products are cheap, and Amazon's delivery is convenient. Competing against online and offline giants, the prospects for his stores are bleak. Sam had to find unique products and compete with Walmart and Amazon on product differentiation instead of price wars.

Finally, Sam found new hope. He began to purchase from DHgate.com, a cross-border e-commerce platform for MSMEs. Empowered by great product diversity and convenience of DHgate.com, Sam survived in the competition with online and offline retail giants.

This model empowers global sellers and protects the diversity of world trade and the creativity of MSMEs.

2.2 Players on Cross-Border E-commerce Value Chain (Real Life Scenario)

In the second part, Ms Ivy Zhang, Overseas PR Director of DHgate.com, and Sarah Li, PR Manager of DHgate.com, performed a real-life scenario.

The scenario showed how e-commerce enable MSEM to sell globally. Instead of investing a lot locally, MSEM can use the digital platform like DHgate.com.

Research shows 20% MSMEs lack of knowledge of foreign market. Luckily, by integrating logistic, payment, service value chain, customer service, etc., a cross-border e-commerce platform can provide all the services they need to go global.

Cross-border business seems to be complicated. After a seller registers its online store, problems come up. How to tackle whole-package service, find the best route to ship? What's the criterion for glass shipping which needs special handling? What's the cost-effective price? Luckily, they don't need to worry, the platform can help. After calculate, the optimal solution can be given within seconds.

For MSMEs, payment is another challenge. The problems include currency change, difficulties to negotiate with bank. Again, no need to worry. The platform provides third-party institutes with great bargaining power with bank and keeps the money safe.

The platform can also help sellers enlarge business by integrated marketing methods. The service platform can offer: ad placement, keywords, direct push to all users. The services it provided also involve how to display and be visually attractive, decorate store, improve visual experience during promotion season such as Christmas season, or New Year.

Other services e.g. when data accumulated, it can help analyze and make recommendations for sellers. It helps MSMEs to make better decision and understand the latest trend in global market.

Session 3. Critical Issues, Challenges and Solutions of Cross-Border E-commerce – MARKETING (Panel Discussion)

Moderator: Tian Jingjing, Global Business Development Manager of DHgate.com
Panelists:

- Claudio Romano, Senior International Growth Consultant of Google
- Wayne Zhang, Solution Director of MicroMarketing of Dun & Bradstreet
- Ella Yang, Senior Director of DHgate.com
- Tang Sheng, Executive President of Digital Economy and Cross-border E-Commerce Professional Committee
- Liu Tao, Seller representative of DHgate.com
- Fan Ning, Former Marketing Director of DiDi

Mr. Liu Tao shared his stories and experiences as a cross-border e-commerce seller. Since the development of internet after 2010, enterprise information has become more transparent. More orders go to small companies which are big opportunities to MSMEs. So Liu Tao left Huawei in 2014 and joined cross-border e-commerce. Now Liutao has 6 stores in DHgate.com. 2 of them rank among top 10 of DHgate. So far they've served 4000 customers and completed more than 10000 orders.

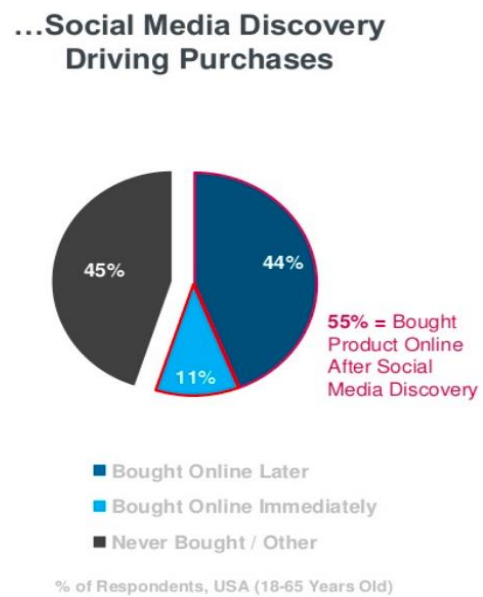
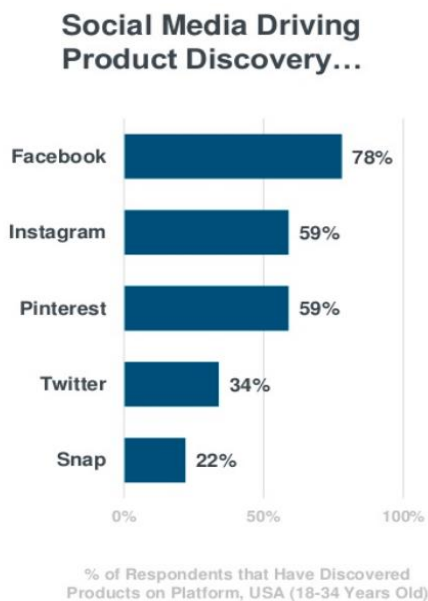
He mentioned product system and traffic costs were the difficulties he was facing in his business. Firstly, without a good product system, the competition is fierce. Overall profit will fall, making the business hard to survive. Secondly, in current stage of ecommerce business, sellers' costs for traffic is becoming higher. How to achieve accurate traffic flow and conversion from traffic within budget is a very big headache for sellers.

Ms Ella Yang shared how to provide traffic acquisition services for sellers – from the perspective of cross-border e-commerce platform. At DHgate, they understand the concerns of sellers and conduct a lot of programs to acquire more traffic and optimize. First, they've tried multiple marketing channels and new traffic channels every year. Second, based on our rich experience and data accumulated in the past 15 years, they choose specific channels for different economies and promote selected products to different users based on their purchasing behaviors and historical activities. They also do a lot of projects to optimize the conversion rate, traffic and commerce in long term. Ella Yang forecasted that the future trend is online marketing. According to her, SNS is a popular trend, with low cost and accurate targeting; shop on video is also a popular trend. Another trend is digitalization, the starting point and basics of online marketing. Data help publisher to acquire more comprehensive and wider audiences. Big data also help to match content.

Mr Romano (Google) introduced Online Traffic Acquisition for Cross-Border E-commerce. About cross-border, Google essentially provides supports for progressive starter strategy. The first one is to understand the market globally, market study, trying to apply it in the marketing presentation and global market strategy. The second one is providing support to the logistics, payment, service team...so leveraging their all internal things to provide fatal support to the clients. The third one is marketing communication and helping localizing the message, providing the message customized to local audience. They also provide consultation to scale and message optimized to local languages and cultures.

Mr Wayne Zhang was from D&B which is a commercial b-b data service provider. D&B uses data to tell clients where next market is, the global operation situation, the risk factors in local market. They also can answer that how customers look like and how to reach target customers.

Ms Fan Ning made a presentation on “**How to Build A Winning Brand For Small Business**“. Explaining the matters on importance of the social media, she presented two graphs which shows about 78% Facebook users search and discover product and 59% Instagram users do that. Totally 55% users who bought online are influenced by social media. Instagram has around 1 billion active users. A lot of E-commerce owners use Instagram more and more.



She also made a case study on “power of social media, a Chinese jacket brand”. Orolay, based in Zhejiang, started e-commerce from 2012. The competition in the apparel industry is very fierce in China. Along with E-commerce growth in China, it’s hard to profit. This brand wasn’t known in the US until last winter. Thanks to social media, 56% US women aged between 18 and 34 are willing to buy something their friends post on social media now. According to her explanation, the following elements made Orolay virus:

- A cool product
- A strong Selling Point
- A compelling backstory
- Influencer’s advocacy through Social Platform
- Referral program and incentive system

Fan Ning pointed out that small business owners often make the mistake of overlooking brand-building efforts. Actually, branding is not only about focusing on design of logo, but also about how others think about your product, service, and reputation. It can benefit promotion, brand recognition, attract people do business, brand identification, brand DNA, motivate staff by identifying the direction, make the company stand out from competition, and generate business opportunities.

Mr Tang Sheng, as a researcher and observer of the growth of cross-border e-commerce in China, shared his data and fact-based insights into how China may breakthrough the bottleneck stage of e-commerce development. He showed some statistics of China. There are 1.3 billion people in China, and the internet penetration rate is 61.2%. Internet users are 0.61 billion. 43.7% of Chinese population is internet shoppers, and 71.4% internet users are online shoppers. There are 35 pilot cities in China, and 47 million people are doing cross border ecommerce in China. He also shared 3 points for people who to sell products to China:

- China business policy, laws and regulations on cross-border e-commerce;
- Pay attention to digital transformation and digital change of traditional trade; Many have become cross-border e-commerce through internet;

- Internet traffic has become a new key word in cross-border e-commerce. There are new concepts such as communication marketing, WeChat / Weibo marketing and community ecommerce. We can join it as buyers and sellers at the same time. When buying, we can also have a chance to profit, for example, as an oversea buying agent.

Session 4. Critical Issues, Challenges and Solutions of Cross-Border E-commerce – LOGISTICS (Panel Discussion)

Moderator: Sarah Li, Global Marketing Manager of DHgate.com

Panelists:

- Kevin Yang, Senior Director of SF Express Delivery Business Group
- Yovenn Amosse, Director of UPS Asia Group Pte. Ltd.
- Xie Yilun, Head of Logistics Service of DHgate.com

Mr Xie Yilun, Head of Logistics Service of DHgate.com, made a presentation on “Intelligent Logistics Algorithms and Services that E-commerce Platforms Can Provide”. He emphasized the significant role of logistics in ecommerce because the shipping cost accounts for 30% in a normal order price. At DHgate.com, over 2000 logistic routes are provided. Logistic platform has been established to serve sellers and suite their needs. He mentioned there are 3 pillars in cross-border e-commerce, the first is marketing, the second is payment, and the third logistics. Logistics platform do O2O, which is to accumulate offline logistic providers and put them online instead of doing logistic themselves.

It’s essential to have an intelligent logistics system, which is able to achieve automatic picking and automatic shipping. This system can use smart calculation to help sellers to match orders to the most suitable logistics products. For example, in an order which includes selling 10 cellphones to US, and 10 clothes to UK, a seller can save more than 10% of shipping cost with the help of an intelligent logistics system.

They also have an overseas warehouse when they pursue timeliness. They start shipping from a local warehouse after receiving the order. The product exchange issue can also be solved in the overseas warehouse. Another project called the special line is designed for special economies including customer service. Only when they have integrated all resources can the trading loop be successful.

As a local logistics service provider, Mr. Kevin Yang made a presentation on “Special line introduction”. The time spent on shipping from Malay to America or China to Chile had reduced to 7-15 days by using specialized solution. In the past, it was 18-19 days which is too long for the customers. The cross-border e-commerce grow very quickly especially in developing economies like Indonesia, Brazil and China because Logistics development can help to reduce the cost, shorten time so that packages arrive quickly and customers are satisfied. DHgate provides customers with a variety of logistics

solutions, including fast solutions for 4-7 days and cost-effective solutions for 5-8 days from China to US.

In the Q & A session, Xie Yilun raised a question on why many Chinese choose SF Express while it's the most expensive shipping way. According to Kevin Yang, receiver-centered thinking, speed, and security are the advantages of SF Express. SF Express has strict security measures and all goods are handled in the right way. Xie Yilun raised another question on how to adapt logistics to the high speed development in cross-border e-commerce and what's the innovation. Kevin Yang thought that innovation in management, automation, speed and security is a choice.

Session 5. Critical Issues, Challenges and Solutions of Cross-Border E-commerce – FINANCE (Panel Discussion)

Moderator: Ivy Zhang, Director of Global PR of DHgate.com

Panelists:

- Zhou Yanjun, Vice President of DHgate.com
- Tal Bitton, Director of Professional Services and SME of EverCompliant
- Nathan Salisbury, General Manager for Asia Pacific of Ingenico ePayments

Mr Zhou Yanjun made a presentation on “Challenges and Opportunities for SMEs Financing”. He divided his presentation into 4 parts.

First, he talked about the Status Quo of SMEs Financing. As shown in the table, among the current corporate financing channels on the market, SMEs can choose from few channels, and the interest rate is more than double that of large enterprises.

In China, there are 42 million SMEs in total, accounting for 94% of enterprises. The rate of SMEs financing from banks is 20%. 80% of SMEs are closed down due to cash flow shortage in 2018. Most SMEs rely on private loans and private lending with a very high interest rate.

Second, he identified three obstacles of SME financing:

- Banks are not willing to serve SMEs because the evaluation and cost is the same for big and small enterprises, but the turnover is different.
- SMEs have a low operating transparency, asymmetric information, a weak ability to resist risks and small financing quotas, which makes them difficult to meet the basic requirements for the safety, liquidity and profitability of bank.
- SMEs do not present financial reports like large enterprises. Therefore, the financial institutions find it difficult to set up a mature model for SMEs loans and give support when needed.

Third, he explained the solutions of DHgate.com to this problem. To bridge the gap in confidence and communication, DHgate.com offers solution of Fintech between SMEs

and banks. In addition to financing, they also help SMEs with operation, and information to build fintech system. They would form a picture from operation index and big data, and provide data to banks to further systematize the picture to evaluate SMEs.

Mr Nathan Salisbury, General Manager for Asia Pacific of Ingenico ePayments made a presentation on “Cross-border E-Commerce Payment Optimization”. Ingenico Group has led the payment industry for more than 30 years as the global leader in seamless payment. Ingenico Group provides smart, trusted and secure solutions to empower commerce across all channels: in-store, online and on mobile.

He emphasized the importance of convenience, speed, and choice. For foreigners, consumer needs are the key driving force. It’s important to make it easy for the consumers to pay and the sellers to receive funds. He mentioned that there are different regulations in different economies. E.g. Europe economies focus on security, seamless purchase. In Mck’s 2019 Global Payment Report, there have been \$100B in payments for M&A since 2018. We’ve seen more consolidations and investments in this sector, which makes the market even more competitive.

Mr Tal Bitton, Director of Professional Services and SMEs at EverCompliant, a leading provider of Cyber Risk Intelligence and Transaction Laundering Detection and Prevention made a presentation on “Cross Border Strategy for Regional Compliance”. According to the data, Online e-commerce has grown from a \$1.3T business in 2014 to \$3.5T in 2019 and is expected to grow to approximately \$5T in 2021. “Business leaders are scrambling to adjust to a world few imagined possible just a year ago. The myth of a borderless world has crashed down. Traditional pillars of open markets - the US and the UK - are wobbling, and China is positioning itself as globalization’s staunchest defender.”

Based on a report in 2016, more than 180 million (now that would be over 200 million, an increase of 12%) micro and small merchants are operating across the developing world. While individually these businesses are small, their influence within the global economy is significant: They transact over \$6.5 trillion per year and interact with more than 4.5 billion customers every day.

Arguing that the big question is not only about speed or security, but also regulations, he emphasized a new platform, identifying that the illegal activity is important. Sellers have a license and it’s domestically legal, but maybe it’s illegal in the oversea destination economies. He pointed out that the top concerns as growth accelerates are compliance and risk management, cardholder security, ability to manage different payment platforms and customer service.

Session 6. Trends and Forecasts of AI Technology (Keynote Speech)

Mr Sun Fuchun, Senior Professor, Department of Computer Science and Technology, Tsinghua University, made a presentation on “Trends and Forecasts of AI Technology”.

This presentation introduced the background and history of AI, as well as the newest development of AI technology and AI industry.

In his speech, Professor Sun talked about the definition of AI. In 1955, John McCarthy gave the concept of AI formally. He defined AI as intelligent machines and programs understanding human intelligence, not only learning from biology, but also making the decision to learn.

Since its appearance, AI has developed with an amazing speed. It takes only two year for AlphaGo to evolve into AlphaGo ZERO. Great progress has been made between the two generations. Now the world has realized AI is the key of future science and tech change. Multiple economies, including China; France and the US, have AI strategies.

Then he introduced some of the newest research areas and directions of AI.

- **Deep learning:** the hierarchical learning theory of deep learning is highly adaptive to human visual perception mechanism. Main force of AlphaGo defeating human chess players is deep learning and reinforced learning. It relays on big data, policies and so on.
- **Target research and strategy learning:** how machine can sense like human? That can also be a direction of future research and AI development.
- **Interaction with environment** is also important for the next generation of AI. The process of recognizing environment includes many technologies such as image detection, depth prediction, active target detection, and cognitive development, etc.
- There are also many ways of learning such as **behavior learning and imitation learning** that robots can do. Applications such as dexterous manipulation is also a good example.
- Besides common computing way, there is also new computing ways such as **DNA computing** simulating molecular biology structure of DNA and by means of molecular biology technology.
- When researching and developing AI in more and more new ways, it's also related to **AI philosophy**.

After that, he gave some examples on AI application in our societies now: smart chips, sweeping robots, security, social networking, user portrait, intelligent driving, intelligent education, medical treatment and so on. And there might be more application areas in the future when AI develops further.

Professor Sun also expressed his concerns. "As AI develops higher and faster, there are also many other aspects that we need to consider, such as AI security, ethics and responsibility," he said.

Session 7 Applications of AI Technology in Cross-Border E-commerce (Panel Discussion)

Moderator: Yan Jie, Senior Brand Manager of DHgate.com

Panelists:

- Li Zhenping, CTO of DHgate.com
- Song Shijun, Head of Data Science of DiDi.
- Zhang Xin, CEO and Co-founder of Caicloud
- Xiao Feng, Vice President of Alibaba OneTouch

7.1 Typical applications & good practice scenarios of AI

Mr Li Zhenping expressed that AI is already widely used in ecommerce and people have realized there are many things human cannot but AI can do. For example, during online shopping, AI can help to do personalized search and give intelligent recommendation.

Mr Song Shijun emphasized the importance of using data which is helpful for salesperson to predict who is likely to respond, to keep up with users and improve sales behavior when dealing with ads.

Mr Xiao Feng, from One-Touch, an integrated cross-border trade service provider for SMEs, a company of Alibaba, introduced their new model of ecommerce shipping called ISMIT (Integrated Service for SMEs in International Trade). ISMIT has become a “bridge” connecting foreign trade enterprises and governments to assist enterprises and governments to achieve efficient and standardized declarations. It integrates commercial service resources such as logistics and finance, reduces foreign trade circulation costs, transforms complex and non-standard import-export business processes into intelligent, standardized data files and interfaces, provides one-stop customs clearance, logistics, tax, financial and other comprehensive services for foreign trade enterprises, which reduce the threshold for cross-border.

7.2 AI in cross-border ecommerce industry

Pointing out that DHgate has been focused on cross-border e-commerce for 15 years, Li Zhenping expressed that AI translation makes cross-border e-commerce feasible on the platform between people using different languages. AI can be also applied to control risk and reduce fraud.

Xiao Feng said AI used in Alibaba can give logistics price fast, generate & process shipping list and custom list automatically. AI will improve the efficiency and save cost for the sellers.

Mr Zhang Xin, from Caicloud, a hi-tech company providing cloud solutions and AI platform and operation system for different kinds of companies including commerce companies, talked about the utilizing AI mid-station system to help cross-border e-commerce companies enter new markets. AI can be used to save operation costs, reduce human labor, win customers in higher level of competition, establish credit faster and give personalized service to improve service quality.

7.3 In IT infrastructure, how to improve R&D capability quickly?

Arguing that AI is not only about algorithm, but also about engineering and infrastructure. Zhang Xin thought the solution is to provide multiple models to empower the system, and let the system itself to solve problems. AI is like operating system of PC or mobile with which we don't need to go to a lot of details.

Agreeing with Zhang Xin that algorithm is not the only thing in AI, Li Zhenping emphasized when using AI, we should ask what problems we want to solve first. He took DHgate as an example. At DHgate, they use AI to improve conversion rate and order by accumulated data and discover the most suitable price and buyer.

Session 8. How could Trade Policies Facilitate SMEs' Engagement in E-commerce (Roundtable Discussion)

Moderator: Alex Zhou, Vice President of DHgate.com

Guests:

- Zhao Ping, Director of China Council for the Promotion of International Trade
- Hou Yibing, Head of China-Turkey Project of DHgate.com
- Other industry experts from marketing, logistics, and payment sectors

Ms Zhao Ping shared her thinking from the view of a China government official in international trade sector.

In her opinion, MSMEs play a huge role in creating employment and promoting income growth. The main body of cross-border e-commerce is MSMEs. MSMEs in cross-border e-commerce face the challenges because of their small scale, lack of capital and technology. Challenges include how to localize after-sale service; difficulty in retaining returned goods; inability to prove genuine goods; no qualification verification and so on.

To help MSMEs, she suggested governments of APEC economies take active support policies for MSMEs in cross-border e-commerce, continuously improve the domestic network and logistics infrastructure, as well as customs clearance facilitation. The detailed measures may include:

- Encourage the establishment of a platform to serve the development of cross-border e-commerce;
- Support the construction and improvement of overseas warehouses and expand their coverage;
- Establish logistics and other service systems.
- Promote the standardization and sharing of big data.

Ms Zhao also advocated strengthening international cooperation, mutual recognition of results, and mutual assistance in law enforcement. She suggested that decision makers in public sectors:

- Encourage technological innovation;
- Improve the statistical system of cross-border E-commerce;
- Actively participate in the formulation of relevant international rules for cross-border e-commerce;
- Promote international mutual recognition of e-signatures, e-identities, etc;

- Promote information sharing, mutual recognition of supervision and mutual assistance in law enforcement;
- Set up cross-border e-commerce dispute resolution mechanisms with different economies.

Mr Hou Yibing introduced the DHgate China-Turkey project, hoping to shed some light on cross-border e-commerce partnership.

This project was originated in 2015 in Turkey, with a MOU signed. DHgate was the operator and contractor of the MOU. “In turkey, ecommerce was not so popular, local buyers only had the habit of traditional shopping. They wouldn’t place an order without seeing goods.” Said Mr. Hou, “So we set up a local digital trade center. We brought from China 1,000 sample products such as toys, accessories and exhibited in the local center. We also used the center for ABAC CBET (Cross-Border E-commerce Training) program.”

Mr Hou introduced, in 2018, they held workshops training local MSMEs so they would understand cross-border e-commerce better, and about 1-2 workshops were provided per month. In this way, they gained trust and attracted buyers. They helped Chinese sellers to sell to Turkish market, and go to European market through Turkey.

In 2019, Mr. Hou’s team noticed that the biggest need of the Turkish was not purchasing from China, but helping them sell their products to global market. It is not only the needs of local MSMEs, but also needs of Turkish government. So they medicated accordingly in IT and infrastructure. In 2019, Turkish sellers could sell on DHgate.com globally.

Supported and subsidized by Turkish government, this project developed fast. “By now, there are over 2000 sellers and 1million SKU from Turkey on DHgate.com,” said Mr. Hou.

Q: What government supports do Chinese local enterprises get to export overseas?

A: Mr Hou: Government supports include subsidy and policy such as tax, custom clearance, the channel convenient. Government support involves the Ministry of Commerce, Ministry of Foreign Affairs, Administration of Taxation, etc. So an effective dialogue mechanism is necessary to integrate resources.

Session 9. Summary Discussion

9.1 Open discussion

In this discussion, all the experts and all attendees from APEC economies share their views and suggestions about cross-border e-commerce. A sketch of interventions is sorted out as follows:

Keyword 1: Now

- Now it is the prime time to develop e-commerce APEC-wide.
- In Asian we already have custom agreement important for cross-border e-commerce, exporting SMEs in Indonesia; Hong Kong, China; Malaysia and Singapore. Platforms of logistic and payment service make it easier for SMEs to do cross-border e-commerce.
- A delegate from the Philippines believes that it's best time for SMEs to do e-commerce or digital trade, helping SMEs to go global market.

Keyword 2: Technology

- Successful cross-border e-commerce needs 3 factors: good business model and operation, favorable regulatory environment and supporting technology. More channels for tech collaboration will be very much useful.

Keyword 3: Environment to Develop Trade

- There can be programs, policies, etc. to promote SMES to enjoy ecommerce, export, and engagement in modern society. It can be related to new business models like AI, big data, and latest technologies.

Keyword 4: Communication Form & Mechanism

- SMEs lack skills about ecommerce. There should be useful education to SMEs, dialogue between government and agencies within one economy; or between different economies. All levels of communication are needed to help SMEs.
- Face-to-face seminars and workshops involving all stakeholders and companies offering different services can also help.
- In Malaysia, there's government agenda 2016 for CBE global development. There is also digital free trade zone. Alibaba provides training for SMEs. SMEs can join platforms, dialogues to learn about emerging technology and more programs to encourage the youth to venture e-commerce.
- The workshop has been good communication and viable process. I can take knowledge to our economies, apply to our economy. My suggestion is that we hope to have more open space to talk with speakers.
- Cross-border e-commerce has a long way to go. I have learned a lot and hope there will be more events like this. We can help not only Chinese SMEs to sell to the world, but also SMEs in other economies to sell globally.
- Cross-border e-commerce is still young and has difficulties. I suggest do more open public programs, invite stakeholders get together to share. Let's involve more in the future, and talk about things in practice.

9.2 Closing Remarks

Mr Song Yang, Director of Department of International Trade and Economic Affairs, Ministry of Commerce, People's Republic of China, made a closing speech.

"In this workshop we shared outlook and experience on marketing, logistics, finance of cross-border e-commerce," Mr. Song concluded, "the workshop introduced methods and platforms that can integrate logistic and other services. The discussion also broadened our views. Cutting edge tech like AI was also discussed. In the round table session, solutions was raised."

He pointed out that Asia Pacific region is important for global economy and it should take the leading role to deepen integration.

III. Conclusion

Overall, through this workshop, the following 4 points were highlighted.

1. Today, micro, small, and medium-sized enterprises (MSMEs) are playing an increasingly important role in all economies. When the world is embracing e-commerce, encouraging MSMEs to participate in cross-border e-commerce is of great significance. Because of their small scale, lack of capital and technology, MSMEs face many difficulties while doing this, so the governments of APEC economies need to make efforts to create favorable environment for them.
2. We should encourage the open application of the latest technologies and research findings in the e-commerce industry chain, because these technologies will change the transaction mode and business form of cross-border e-commerce. Buyers will be recommended exactly what they need when they browse the website. Online store owners can obtain customers through big data marketing and choose the optimal logistics route through smart algorithms, which provides a perfect balance between delivery speed and price. AI has been widely used in various fields of cross-border e-commerce, making cross-border trade much easier.
3. We advocate a free and open business environment among APEC economies. Governments of APEC economies should fully respect the different stages and characteristics of e-commerce development among different economies, and formulate corresponding trade policies based on the individual situation of each economy.
4. It is important to continuously optimize the APEC CBET communication mechanism. Possible approaches include enriching the form of communication, providing continuous communication opportunities, creating specific topics targeting MSMEs, introducing successful cases from a wider range of markets and enterprises, and getting more economies involved.

According to the survey followed at the end of the workshop, the workshop provided a good opportunity for government officials of APEC member economies with useful discussions on cross-border e-commerce issues. All participants expressed satisfaction to the result of the workshop. Most participants stated that they were willing to take the good practices and new models learned from the workshop to their own economies, and expressed the hope that there would be constant communication opportunities within APEC economies.

Appendix: Workshop Agenda

AGENDA

APEC Cross-Border E-Commerce Training (CBET) Workshop

Enabling APEC SMEs to Access Global Market

Date: October 29th-30th, 2019

Venue: Grand Hyatt Hotel 1st East Chang An Avenue, Beijing, China, (Fubi Hall @FI LG)

| Date | Event |
|--|--|
| 29th October, 2019 Tuesday | |
| 8:30 am– 9:00 am | Registration |
| 9:00am - 10:00 am | <p>Opening Session</p> <p><i>Moderator: Sarah Li</i></p> <p>1. Opening Remarks I (10 minutes) By Mr. Zhang Shaogang, Director General, Department of International Trade and Economic Affairs, Ministry of Commerce of China</p> <p>2. Welcome Remarks (10 minutes) By Mr. Alex Zhou, Vice President of DHgate.com. <i>An introduction of the workshop – its background, agenda, and expected results</i></p> <p>3. Keynote Speech (25 minutes) Introduction of Global Trade Landscape By Mr. Lin Guijun: Executive Dean of Beijing Open Economy Research Institute, University of International Business and Economics (UIBE), former Vice President of UIBE <i>This presentation explores the current trade landscape in APEC, particularly the opportunities and challenges of cross-border e-commerce in the ongoing international economic environment.</i></p> <p>4. Q&A (5 minutes)</p> |
| 10:00am-10:05am | Group photo |
| 10:05am-10:30am | Tea break |
| 10:30am-10:35 am | <p>Introduction of E-commerce (Animation) (5min)</p> <p><i>Taking DHgate.com as an example, the animation introduces operation model and value of cross-border e-commerce</i></p> |
| 10:35am-11:00am | <p>Keynote Speech (25 minutes)</p> <p>Real Life Scenario of Cross-Border E-commerce Value Chain By Ivy Zhang: Director of Global PR of DHgate.com <i>This session focuses on introducing the real life scenario of various stakeholders playing their roles under cross-border e-commerce ecosystem, including suppliers, industry networks, logistic services, payment, financing, etc.</i></p> |
| 11:00am-12:00pm | <p>Panel Discussion Critical Issues, Challenges and Solutions of Cross-Border E-commerce – MARKETING</p> <p>Moderator: Tian Jingjing (Global Business Development Manager of DHgate.com) Panelists:</p> <p>1. Claudio Romano: Google Senior International Growth Consultant <i>Online Traffic Acquisition for Cross-Border E-commerce</i></p> |

| | |
|----------------|---|
| | <p>2. Wayne Zhang: Solution Director of MicroMarketing Dun & Bradstreet : <i>Empowering Cross-border Merchants with Digital Marketing Solutions</i></p> <p>3. Ella Yang: Senior Director of DHgate.com: <i>How to Provide Traffic Acquisition Services for Sellers – from the Perspective of Cross-Border E-commerce platform</i></p> <p>4. Tang Sheng: Executive President of Digital Economy and Cross-border E-Commerce Professional Committee <i>As a researcher and observer of the growth of cross-border e-commerce in China, Mr. Tang would share his data and fact-based insights of how China may breakthrough the bottleneck stage of e-commerce development.</i></p> <p>5. Liu Tao: Seller representative of DHgate.com <i>My stories and experiences as a Cross-Border Seller</i></p> <p>6. Fan Ning: Former Marketing Director of Didi (previously Uber) <i>For SMEs: opportunities in cross-border E-commerce & recommendations for brand management</i></p> <p>Q&A (10min)</p> |
| 12:00pm-2:00pm | Lunch Break (@ Grand Café, 2nd FL) |
| 2:00pm-3:00pm | <p>Panel Discussion</p> <p>Critical Issues, Challenges and Solutions of Cross-Border E-commerce – LOGISTICS</p> <p>Moderator: Sarah Li (Global Marketing Manager of DHgate.com) Panelists:</p> <p>1. Kevin Yang: Senior Director, SF Express Delivery Business Group <i>Status Quo, Challenges and Solutions for Cross-Border E-commerce – as a Local Logistics Service Provider</i></p> <p>2. Yovenn Amosse: Director, UPS Asia Group Pte. Ltd. <i>Status Quo, Challenges and Solutions for Cross-Border E-commerce – as a Global Logistics Service Provider</i></p> <p>3. Xie Yilun: Head of Logistics Service at DHgate.com <i>Intelligent Logistics Algorithms and Services that E-commerce Platforms Can Provide</i></p> <p>Q&A (10 minutes)</p> |
| 3:00pm-3:20pm | Tea break |

| | |
|---------------|---|
| 3:20pm-4:20pm | <p>Panel Discussion</p> <p>Critical Issues, Challenges and Solutions of Cross-Border E-commerce – FINANCE</p> <p>Moderator: Ivy Zhang (Director of Global PR of DHgate.com) Panelists:</p> <p>1. Zhou Yanjun: Vice President of DHgate.com <i>(1) Control of exchange rate risk in cross-border e-commerce transactions; (2) How to use supply chain financial means to solve the capital turnover pressure of sellers</i></p> <p>2. Tal Bitton: Director of Professional Services and SME of EverCompliant <i>Risks and Solutions in Cross-border E-commerce Transaction</i></p> |
|---------------|---|

| | |
|---|--|
| | <p>3. Nathan Salisbury: General Manager for Asia Pacific, Ingenico ePayments <i>Characteristics, Difficulties and Solutions of Cross-border Payment in the Asia Pacific Region</i></p> <p>Q&A (10 minutes)</p> |
| D2 30th October, 2019 Wednesday | |
| 9:00am-9:40am | <p>Keynote Speech (40 minutes)</p> <p>Trends and Forecasts of AI Technology By Mr. Sun Fuchun: Senior Professor, Department of Computer Science and Technology, Tsinghua University</p> |
| 9:40am-10:20am | <p>Panel Discussion</p> <p>Applications of AI Technology in Cross-Border E-commerce</p> <p><i>Current Applications and Prospects of AI in Cross-border E-commerce</i> Moderator: Yan Jie (Senior Brand Manager of DHgate.com)</p> <p>Panelists:</p> <ol style="list-style-type: none"> Li Zhenping: CTO of DHgate.com <i>The strong demand for AI in various business processes; the difficulties and challenges of technological realization from the perspective of e-commerce platforms</i> Song Shijun: Head of Data Science, DiDi <i>Applying big data to improve user experience</i> Zhang Xin: CEO and Co-founder of Caicloud <i>Utilizing AI mid-station system to help cross-border e-commerce companies enter new markets</i> Xiao Feng: Vice President of Alibaba OneTouch <i>Big Data Driven Cross-border Supply Chain Integrated Services</i> <p>Q&A (5 minutes)</p> |
| 10:20am-10:40am | Tea Break |
| 10:40am-12:10pm | <p>Roundtable Discussion</p> <p>How could Trade Policies Facilitate SMEs' Engagement in E-commerce</p> <p>Moderator: Zhou Yijun, Vice President of DHgate.com</p> <p>All participants: <i>Open discussion on the status quo and bottlenecks of cross-border e-commerce in their respective economies</i></p> <p>Other Guests:</p> <ol style="list-style-type: none"> Mr. Song Yang: China's APEC CTI Rep., Director, Department of International Trade and Economic Affairs, Ministry of Commerce, People's Republic of China & Ms. Zhao Ping: Director of Research Institute of China Council for the Promotion of International Trade <p>(1) <i>Sharing of practices of how Chinese government help SMEs to participate in cross-border e-commerce; and</i> (2) <i>Collaboration opportunities among governments from all economies to promote cross-border e-commerce across the region</i></p> |

| | |
|--|--|
| | <p>2. Hou Yibing: Project Director of DHgate.com <i>Introduction of China-Turkey E-commerce Project – what support is needed from China’s government from the perspective of an e-commerce platform</i></p> <p>3. Industry experts from marketing, logistics, and payment: (1) <i>Support needed from the government from respective perspectives</i> (2) <i>Answering questions from all trainees</i></p> |
| 12:10pm-12:30pm | <p>Closing Session 1. Summarizing Discussion (10min) Open Discussion: Comments, Take-away for CBET, and Action-Plans after the Workshop Moderator: Sarah Li</p> <p>2. Closing Remarks (5 minutes) By Mr. Song Yang</p> <p>3. Feedback Survey (5 minutes)</p> |
| 12:30pm-13:30pm | Lunch Break (@ Grand Café, 2 nd FL) |
| 13:30pm-16:30pm (Reception time: 14:30-15:30) | Field Trip to DHgate.com |