

Progress Report of GMS Cross-border E-commerce Cooperation Platform

Given that e-commerce had rapidly grown into one of the most dynamic economic activities in the past decade, and played a catalytic role in stimulating member countries' domestic demand and expanding international trade, the GMS Cross-border E-commerce Cooperation Platform was established promote e-commerce development in the sub-region.

Since June 2015, the Cross-border E-commerce Cooperation Platform has resulted in remarkable progress and outcomes, facilitating policy and business dialogue between GMS members, establishing the Business Alliance, matching cooperation for enterprises, establishing platform website etc., striving to release potential for higher efficiency, better connectivity and transformation of MSMEs.

Background

At the 4th GMS Summit in December 2012, GMS Leaders endorsed the *Greater Mekong Sub-region Economic Cooperation Program Strategic Framework (2012-2022)*. Given the global economy's weak recovery and fragile growth, as well as the increasing disparities in the development of major economies, the *Strategic Framework* emphasized stronger cooperation among GMS members to tap into the sub-region's economic potentials, with the view to boosting internal demand and enhancing GMS countries' joint resilience to external risks.

At the 5th GMS Summit in December 2014, Chinese Premier Li Keqiang proposed the initiative of "establishing sub-regional Cross-border E-commerce Cooperation

Platform”, which received active welcome from GMS leaders.

In June 2015, the 7th Economic Corridors Forum (ECF) endorsed the *Framework on GMS Cross-border E-commerce Cooperation Platform* (the Framework hereinafter). GMS countries agreed that the establishment of the cooperation platform would strongly catalyze the development of cross-border e-commerce, expand the consumer market, increase trade volumes and share the greater consumer market in the GMS sub-region.

The Framework set forth the following key cooperation areas:

- Enhance cohesion and cooperation of e-commerce enterprises among member countries
- Promote facilitation of cross-border e-commerce customs procedure
- Encourage investment in cross-border e-commerce infrastructure
- Improve e-commerce supporting services system
- Conduct capacity building on e-commerce

In accordance with the Framework, China’s Lancang-Mekong Sub-regional Economic and Trade Development Center (LMEC, which located in Yunnan Province) served as focal point for the cooperation platform. Since then, LMEC has led joint efforts in establishing the Business Alliance of GMS Cross-border E-commerce Cooperation Platform, promoting exchanges of cross-border e-commerce policies and standards and conducting capacity-building programs.

I. Working Progress in Key Areas

1. Enhance cohesion and cooperation of e-commerce enterprises among member countries

The Framework encourages member countries to promote exchanges and dialogues on industrial standards, transaction processes, information systems, logistics supply chain and business opportunities through the Cross-border E-commerce Cooperation Platform, thus strengthen cooperation between market participants.

(1) In January 2016, the establishment of “Business Alliance of the GMS Cross-border E-Commerce Cooperation Platform” (“Business Alliance” hereinafter) was jointly proposed by five enterprises including Kunming Dongxun Science & Technology Co, Ltd. (China), Laosabai E-commerce company (Laos) and iHome Group Co., Ltd. (Myanmar) etc. On 22nd April 2016, the preparatory meeting for the Business Alliance convened in Kunming, China, attended by over 90 representatives from Asia Development Bank (ADB), relevant government departments and business community of GMS countries.

(2) On 11th June 2016, the Inaugural Meeting of the Business Alliance was held in Kunming, China, attracting more than 200 participants from ADB, GMS members’ government departments and business community. The first Chair and vice-Chair of the Business Alliance were elected, the MOU and Work Plan of Business Alliance were developed, regularizing the Business Alliance Conference be convened on an annual basis. On the sidelines of this meeting, enterprises from China, Myanmar and Thailand signed a range of project

cooperation agreements. The Focal Point for GMS Cross-border E-commerce Cooperation Platform was officially inaugurated.

(3) On 14th June 2017, the Business Alliance Conference 2017 was held in Kunming, China. Representatives from more than 150 Alliance members attended the event, discussed the progress report of the Business Alliance, coordinated the development of official website and transaction platform, and shared experiences regarding the operation model, market expansion, logistics and e-payment of cross-border e-commerce. During this conference, additional 15 companies from GMS countries applied to join the Business Alliance.

(4) The Business Alliance signed a Strategic Cooperation Agreement with Suning Holdings Group Co., Ltd. for collaborating on the building and operation of the Cooperation Platform, as well as the development of service system and infrastructure investment. The Business Alliance also organized a series of activities to promote e-commerce cooperation in GMS sub-region, including a field trip to Kunming for 25 member companies from Laos and Myanmar, a training program of e-commerce application in Myanmar, and cooperating with Thai Chamber of Commerce, Bangkok Bank, Office of Small and Medium-sized Enterprises Promotion (OSMEP) etc.

(5) To catalyze e-commerce cooperation among GMS members and other ASEAN countries, China has hosted four China-ASEAN E-Commerce Summits in Nanning, Guangxi Province since 2014, with a number of flagship e-commerce projects been contracted and launched.

2. Promote facilitation of customs procedure in cross-border e-commerce

The Framework encourages member countries to exchange customs policies and related information on cross-border e-commerce, share best practices in facilitating goods clearance for cross-border e-commerce. To this end, *The Framework* has decided to hold annual Dialogue on GMS Cross-border E-Commerce Cooperation Platform.

- (1) On 10th June 2015, the first Dialogue was held in Kunming, China. More than 190 delegates from GMS countries' government departments and e-commerce enterprises attended the dialogue, had constructive discussions on customs facilitation, infrastructure investment promotion, capacity building and MSMEs participation in GMS cross-border e-commerce cooperation.
- (2) On 11th June 2016, the second Dialogue in Kunming again attracted 210 representatives from public and private sectors in GMS countries. The dialogue focused on customs procedures facilitation, supporting services system improvement, infrastructure investment promotion and e-commerce business matching etc.
- (3) On 14th June 2017, the third Dialogue discussed the operation mode and credit environment of GMS Cross-border E-commerce Cooperation Platform, as well as typical cases. More than 240 delegates attended the meeting.
- (4) Cross-border e-commerce has also been highlighted in the agenda of the 7th, 8th and 9th GMS ECF. As per *the Framework*, the latest progress of the cooperation platform was reported to ECF by the focal point, and policy recommendations been made, as to seek further policy and funding support from GMS governments.

(5) The GMS Governors' Forum, since its revitalization in 2015, has also been a major event to exchange views and experiences of GMS Cross-border E-commerce Cooperation Platform. At the 2017 Governor's Forum, the Yunnan Cross-border E-commerce Public Service Platform was introduced by the Governor of Yunnan Province, and highly appreciated by the attendees.

3. Encourage investment in cross-border e-commerce infrastructure

The Framework encourages member countries to further improve e-commerce infrastructure, complete cross-border e-commerce industry chain, explore the establishment of e-ports and other supporting facilities, advance extensive use of new generation network on e-commerce, and foster pioneers on e-commerce and exchange their experiences.

(1) As cross-border e-commerce flourishes in China, Yunnan Province takes big steps in developing series of programs to boost cross-border E-commerce, including a Public Service Platform, the Regulation Center, the Exhibition and Experience Center, Comprehensive Services Center and Network, Online and Offline Sales Network, Payment Service Network, Logistics Service Network and overseas storehouses etc. All these programs are aimed at providing favorable platforms for cooperation among e-commerce enterprises from countries in and outside the sub-region. In total, Yunnan has established 38 E-Commerce Industry Parks and more than 60,000 websites of various enterprises. Yunnan Cross-border E-commerce Public Service Platform has become an important vehicle integrating various services including transaction, authentication, payment, logistics, financing, insurance, detection

and credit assessment.

The Guangxi Zhuang Autonomous Region of China built Nanning Cross-border E-commerce Comprehensive Service Platform in 2015, which was connected to information systems of customs, quality supervision, inspection and quarantine (AQSIQ), and commerce, and thus fully digitalized the end-to-end administration of imported and exported goods. Based in Nanning Comprehensive Free Trade Zone(FTZ), the China-ASEAN Cross-Border E-Commerce Supervision Center has realized three functions in one, i.e. cross-border e-commerce, international mails and international express. The Supervision Center has been the first to create the mechanism of Customs-AQSIQ joint inspection through the system of “one computer, two screens and two controllers”, which can optimize the allocation of regulatory resources and has been equipped with capabilities to process bidirectional import-export business.

In other GMS countries, especially Thailand and Viet Nam, e-commerce infrastructure construction is accelerating. With joint efforts led by GMS countries, the coverage of e-commerce in the sub-region has been significantly enlarged.

(2) The GMS Cross-border E-Commerce Transaction Platform and its web portal have been preliminarily completed and put into test run. The Platform has developed versions in Chinese, English, Cambodian, Lao, Burmese, Thai and Vietnamese, with transactions amounting to USD 3 million. All enterprises of GMS countries can register at this platform and provide B2B or B2C e-commerce services to its own country. Technology has been upgraded to

enable multilingual online communication, improve the systems of multilingual service and immediate online translation, as well as make the services available to mobile device users.

4. Improve e-commerce supporting services system

The Framework encourages member countries to explore new patterns of customs and quarantine surveillance. Banks and other payment agencies from member countries are encouraged to provide payment services to cross-border e-commerce activities. Member countries are also expected to improve e-commerce credit environment.

- (1) The official website of China-ASEAN Free Trade Area offers a range of public services on e-commerce, including trans-departmental and trans-governmental data exchange, International Trade Single Window, China-ASEAN Cross-border E-commerce Public Service Platform, online public services, professional training, SME trade and cross-border e-commerce business, etc.
- (2) The official website of China-ASEAN Exhibition has combined online and offline services for enterprises both from China and ASEAN, providing related information, marketing resources and transaction services.
- (3) China is cooperating with some GMS countries in setting up cross-border economic cooperation zones. This project will construct public logistics warehouses for China-ASEAN cross-border e-commerce, which will offer cost-effective and efficient logistics services to SMEs engaged in international

trade and cross-border e-commerce. In addition, China has also set up public logistics warehouses in relevant Comprehensive Bonded Zones.

5. Conduct capacity building on e-commerce

The Framework encourages member countries to conduct capacity-building activities for government officials, industrial associations and market participants. Members are also expected to jointly seek the possibility of working with international institutions, such as WTO, World Bank, ADB on these capacity-building activities.

(1) On 9th March 2016, the GMS Cross-border E-Commerce Training Program was jointly organized by China's Ministry of Commerce (MOFCOM) and Thailand's Chulalongkorn University. A total of 30 participants from GMS countries attended the training. On 5th May, China hosted the Seminar on GMS Cross-border E-Commerce Cooperation in Beijing and received 15 participants. The above training adopted various approaches to exploring the development path of sub-regional cross-border e-commerce, including lectures delivered by experts, case studies and field trips

(2) On 16th May 2017, ADB and Chulalongkorn University jointly hosted the GMS Cross-border E-Commerce Training Program in Bangkok. 30 representatives from Cambodia, China, Laos, Myanmar, Thailand, Viet Nam and other Asian countries participated in the program. The program was on the theme of moving towards closer connectivity, which offered participants professional lectures, case studies and field trips. Participants were also guided

to further understand and discuss the vision and challenges ahead for cross-border e-commerce cooperation.

(3) From 10th to 30 September 2017, a capacity-building program themed on E-port was held in Shanghai, China, by Asia-Pacific Model E-port Network (APMEN) Operational Center (AOC). A total of 16 trainees, including representatives from government agencies of GMS countries, participated in the program, which introduced E-port development, supply chain connectivity and trade facilitation.

II. Major Outcomes

1. Increase in the China-ASEAN trade volume

In recent years, e-commerce has become one of the most vibrant economic activities around the world and maintained strong growth momentum, which has played a critical role in fueling domestic demand and augmenting international trade. In 2016, China's cross-border e-commerce hit 6.7 trillion RMB, with year-on-year growth of 24%. With the development of China-ASEAN FTA and deepened cooperation of GMS, acceleration has been observed in cross-border logistics, e-payment, clearing and tax reimbursement facilitation. There is enormous potential in the China-ASEAN cooperation, especially among GMS countries.

2. Acceleration of sub-regional economic development

All GMS countries are developing countries. In particular, e-commerce has emerged not long ago in Cambodia, Laos, Myanmar and Viet Nam. In these

countries, cross-border logistics and e-payment systems are relatively insufficient and traditional consumer patterns continue to play a major role, while guarantee mechanism for internet security has a lot to improve. With the popularization of mobile devices such as smart phones and the constant evolution of 4G Internet, a batch of new economic entities have emerged and influenced the consumption habits of the younger generation and businesses. Governments have also realized the positive role of cross-border e-commerce in enlarging exports, increasing employment and reducing rural poverty. Therefore, authorities have been actively exploring policies and development paths for cross-border e-commerce, drawing on successful experiences from each other, and conduct frequent dialogues to seek mutual benefits.

3. Foster and expand e-commerce enterprises

Founded in 2015, Laosabai E-Commerce Company joined the Business Alliance the same year. The company started with five staff and was engaged mainly in Internet purchase and sales. It has gone through rapid development in recent years to have more than 50 employees and set up an office in Kunming, China. It receives an increasingly large number of orders. Currently the company has become the biggest B2C E-Commerce company in Laos with over 90% Lao clients and 150,000 subscribers. Its business has covered more than 10 provinces/cities in Laos.

With support from the Business Alliance and its members, Myanmar's iHome Group has successfully organized the "2017 Myanmar International E-Commerce Exhibition". More than 2000 companies from over ten countries and regions in the

Southeast Asia and South Asia participated in the event, which attracted over 20,000 visitors. The Exhibition convened prominent enterprises and professionals from different countries to share experiences, explore development path, discuss innovation and entrepreneurship, as well as make recommendations on the advancement of the sub-regional cross-border e-commerce cooperation platform.

4. Furtherance of the cooperation and working mechanism

Since GMS countries reached consensus in 2014, the Business Alliance has been leading cooperation on specific projects. The Operational Center has taken responsibilities of daily administrative affairs. The Dialogue on GMS Cross-Border E-Commerce Cooperation Platform has been catalyzing communication. The GSM ECF and the Governors' Forum have both included GMS Cross-Border E-Commerce Cooperation Platform into their priorities for discussion. All of these contribute to the formation of a preliminary but integrated working mechanism, which provides reliable organizational ground and lays solid foundation for the deep cooperation in the future.

5. Promotion of mutual participation and benefits

The cooperation platform has efficiently consolidated the social resources of GMS Countries. Different stakeholders, including government institutions, chambers of commerce, industrial associations, international organizations and business community, have joined a common working mechanism, which features cross-border and trans-institutional cooperation. This cooperation pattern, though with different characteristics in different countries and regions, can be highly

representative, pragmatic and exemplary. This is because this pattern allows most realistic choice of each party based on its specific need. Therefore, it can match supply with demand, balance the interests of each party and make the cooperation beneficial to all.

III. Further Considerations

With a view to boost e-commerce development, enhance connectivity and competitiveness for the GMS sub-region, stronger synergies and complementarities need to be further tapped on e-commerce cooperation. The GMS Cross-border E-commerce Cooperation Platform calls for strengthened partnership among the GMS countries, featuring mutual respect and trust, inclusiveness, and win-win cooperation, especially in following aspects:

1. Innovate the e-commerce cooperation mechanism

With a view to establishing an effective coordination mechanism for cross-border e-commerce cooperation in the sub-region, further policy support to the Cooperation Platform is called from GMS countries. To create necessary conditions for enterprises to engage in cross-border e-commerce, a range of actions will be taken, which include strengthening consultations to remove trade barriers, further studying and formulating laws and regulations on cross-border e-commerce, jointly establishing regional cross-border e-commerce facilitation framework, improving customs clearance services, and propelling the advancement of cross-border logistics and e-payment.

2. Cooperate in the development of E-Commerce Public Service Platform

To facilitate the cross-border e-commerce cooperation in the sub-region, the E-Commerce Public Service Platform is under construction, providing services on transaction, authentication, payment, logistics, financing, insurance, detection and credit assessment. Based on the existing online and off-line exhibition and sales centers in the sub-region, it could be a comprehensive service network to benefit enterprises and consumers in GMS countries. Under the umbrella of the GMS Cross-border E-commerce Cooperation Platform, member countries are encouraged to join hands in building and expanding the service platform.

3. Propel the sound development of the Business Alliance

The Business Alliance is a pathfinder in promoting interconnectivity in the sub-region. Therefore, all member countries should endeavor to support the development of the Business Alliance with policy and funding instruments. In addition, the Business Alliance is supposed to further promote connectivity among e-commerce enterprises across the region in terms of information, products, human resources and funding, with the view to enlarging regional e-commerce market and business opportunities. In the meantime, it should intensify policy communication and information exchange with member governments, follow up closely the development of e-commerce in each country, and comprehend relevant policies. With all these efforts, the Business Alliance is expected to provide advice to member countries on the macro-decision-making in the development of cross-border e-commerce.