

POLICY



Vice-Premier Wang Yang speaks at an international forum for heads of customs administrations in Xi'an, Shaanxi province, on Wednesday, calling for closer cooperation between the customs authorities of countries along the new Silk Road. MU JIALIANG / FOR CHINA DAILY

Easier trade procedures to energize cooperation



Vice-premier urges forum to combat smuggling, counter protectionist forces

By ZHONG NAN and LU HONGYAN in Xi'an

Vice-Premier Wang Yang on Wednesday called for closer cooperation between the customs authorities of countries along the new Silk Road to allow more efficient trading procedures and cross-border e-commerce activities.

The Silk Road Economic Belt and the 21st Century Maritime Silk Road initiatives were put forward by President Xi Jinping in 2013, with the purpose of rejuvenating the two ancient trading routes and further opening up the markets.

"Even though the economic growth of many countries along the routes remains slow under current global economic conditions, they should continue to develop new business growth points and oppose trade protectionism," Wang told a forum held on Wednesday in Xi'an for heads of customs administrations from countries likely to be involved.

To facilitate more trade, Wang said China will improve its ability to combat cross-border smuggling activities and continue to support international logistics, customs clearance, trans-shipment cargo and multi-modal transportation, as well as establishing the most efficient supervision model possible for cross-border e-commerce activity.

The Silk Road Economic Belt is to be established along the ancient Silk Road trade route, stretching northwest from China's coastal area through Central Asia, the Middle East and on to Europe.

The 21st-Century Maritime Silk Road is designed to go from China's coast to Europe through the South China Sea and the Indian Ocean in one route, and from China's coast through the South China Sea to the South Pacific in the other.

Keen to cut customs clearance costs and improve efficiency, 10 customs

Central Asia, East European nations boost infrastructure efforts

Countries in Central Asia and East Europe are planning to build more roads, warehouses and logistics centers to cash in on the growing trade opportunities from China's Belt and Road Initiative.

Daulet Yergozhin, chairman of the State Revenue Committee under the Kazakhstan Ministry of Finance, said the country has completed a 4,800-kilometer highway in European standards earlier this year to connect China and Europe on the Silk Road Economic Belt.

"We will also build more roads to connect different nations in Central Asia, as well as build a large transshipment center at Alfyngkol and an international railway station in the eastern part of the country to compete with maritime transportation between China and Europe," Yergozhin said.

"Chinese trains can transfer their containers in Alfyngkol after it is built and we are also expecting to ship more Kazakh

products to China from the logistics center."

Since 2010, major Chinese cities, including Chengdu, Chongqing, Xi'an, Zhengzhou and Wuhan, have all launched weekly or monthly modern block train services to different European and Central Asian destinations.

The containers currently have to be transferred by crane to different gauges twice. First comes a change to the Russian style broad gauge line at the Kazakhstan-China border at Alashankou, in the Xinjiang Uygur autonomous region. The second is a transfer to standard gauge at the Polish-Belarusian border.

Yury Senko, chairman of the state customs committee of Belarus, said his country is also building more warehouses and transportation facilities to enhance its business ties with China and various partners on the Silk Road Economic Belt.

"As China is enhancing its contacts with various trade ministries and commerce commit-

tees to launch a number of infrastructure, manufacturing and service projects along the two trading routes, it would be practical to build a better infrastructure platform to attract foreign investment and create jobs in our country," said Senko.

China and Belarus have agreed to build a 91.5 square kilometer industrial park to develop electronics, biomedicine, chemistry and other industries near Minsk as a model for the Silk Road Economic Belt to further connect Asia with Europe.

Zhao Ying, a researcher at the Beijing-based Institute of Industrial Economics of the Chinese Academy of Social Sciences, said building infrastructure facilities and establishing joint free trade zones will not only increase flexibility with countries along the Belt and Road routes, but also build a better foundation for opening up the services sector and for industrial upgrade.

ZHONG NAN AND LU HONGYAN

departments from nine Chinese provinces and autonomous regions along the two trading routes have signed a cooperation agreement on integrating regional customs clearance procedures.

All export and import products that go through any customs within the areas, which include Zhengzhou in Henan province, Xi'an in Shaanxi province, and Urumqi in the Xinjiang Uygur autonomous region, are entitled to simplified procedures through a system that will require a single customs declaration.

Trade between China and countries along the Belt and Road routes was worth \$1.12 trillion last year, accounting for 26 percent of China's foreign trade.

Kunio Mikuriya, secretary-general of the World Customs Organization, told the forum the current global supply chain is under threat from illegal trade and terrorism, but that the development of the Belt and Road Initiative from a customs perspective can play a key role in preventing criminal activity such as drug smuggling via e-commerce, the import of hazardous waste, commercial fraud and intellectual property infringement.

Customs authorities have taken a number of measures to cooperate with nations such as Laos, Kazakhstan and Mongolia to improve supply chain security by launching joint actions to tackle smuggling of drugs, waste, endangered wild animals and weapons.

Yu Guangzhou, head of the General Administration of Customs of China, said the nation will work with other countries to accelerate the creation of a standardized system which might include trade procedures, goods classifications, and rules of origin.

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INVESTMENT

Deutsche Bahn to expand procurement from China

By ZHU WENQIAN
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Deutsche Bahn AG, one of the world's largest railway operators, is setting up a procurement office in China later this year to expand its pool of global suppliers and hunt for possible partners in Asian markets.

The Germany-based company has already signed a cooperation deal with Huawei Technologies Co Ltd, and included Taiyuan Heavy Industry Co into its qualified supplier group to provide carriage wheels and axles. Besides, it has also held discussions with State-owned train manufacturers CSR Corp and CNR Corp, with an eye on making them its potential suppliers.

"We would like to utilize our annual purchase budget of 9.2 billion euros (\$10.04 billion) to source products from the global market. This will help us get the best quality, innovation and price for our products," said Heike Hanagarth, member of the management board for technology and environment at DB.

"We held discussions with CSR Corp and CNR Corp, or the CRRC after the merger. There is no doubt that it will be a railway giant. We hope to have long-term cooperation with it," Hanagarth said.



I am very confident of the products made in China."

Uwe Gunther, chief procurement officer of DB

From 2015 to 2019, DB plans to renovate German railway infrastructures with subsidies of nearly 28 billion euros from the German government. The investment will be the largest in the railway sector in Germany since World War II.

By 2017, Taiyuan Heavy Industry Co will become the first Chinese supplier candidate of wheels and axles for DB, and will participate in the procurement bidding.

"We hope to become one of the suppliers for DB. This will be a positive development for us, as DB has stringent procurement standards," Wang Chao, director of foreign trade at Taiyuan Heavy Industry Co, said in an interview with the Economic Observer.

DB Schenker, a wholly owned subsidiary of the German firm that focuses on logistics, is developing the Eurasian Land Bridge as

an alternative transport route between China and Europe.

The rail-based exchange of goods between China and Germany has seen rapid growth in recent years, with a growing number of trains traveling between Germany and China every week.

In 2014, DB Schenker achieved sales revenues of 44 million euros, 50 percent higher than in 2013. The railway company has decided to double the frequency of the weekly freight trains that run regularly between Germany and China. By the end of the year, the train will run three to four times a week in both directions.

From 2013 to 2014, the total number of containers transported between China and Europe doubled the volume transported between 2012 and 2013.

"I am very confident of the products made in China," said Uwe Gunther, chief procurement officer of DB. Gunther participated in the Shanghai maglev train project and said he was impressed by the punctual delivery of products by Chinese suppliers.

The Belt and Road Initiative is expected to boost logistics operations between China and Germany and enable exports of more high-quality products from China to Germany.

SERVICES

New platform in Guizhou to offer big data as a commodity

By CHINA DAILY

\$617 million

expected market value for big data in 2016 in China

In the office of the world's first big data exchange market in Guiyang, capital city of Guizhou province, Wang Sanshou, CEO of the Global Big Data Exchange Co, is occupied with meetings that focus on how to better sell data as a type of commodity.

"This is a brand new business model, but since going operational last month, our platform has completed more than 2,700 deals, with turnover topping 13 million yuan (\$2.1 million)," Wang said.

Currently, the exchange market has more than 130 member companies and boasts a wide range of data from various sectors, including transportation, health, financing and local governments.

"This is just a start. In five years, the exchange market will blossom into a national platform with about 10,000 members and the average daily transaction value is expected to exceed 10 billion yuan," Wang said.

To protect privacy, Wang said, all data have to be scrubbed and further analyzed to remove personal references before they become

available on the platform. "We never sell underlying raw data."

The data exchange platform is part of Chinese tech companies' efforts to tap the potential of big data as the sector is widely expected to see rapid growth even as economic growth slows in China.

According to a report by Internet consultancy firm International Data Corp, the Chinese market for big data technology and services will hit \$617 million in 2016, roughly eight times the figure in 2011.

On Tuesday, Chinese Vice-Premier Ma Kai called for more efforts to explore the commercial value of big data at the opening ceremony of the Guiyang International Big Data Summit, which will end on Friday.

Deeming big data a basic resource and a major productive force in the new era, Ma said the government will roll out more policies to help speed up the monetization of

cutting-edge technology.

Edward Tian, founder of AsiaInfo Holdings Inc, which is one of the investors in the exchange platform, said: "China has always been a follower of the latest trend, but now as the first one to dip its foot in the water of big data exchange, we must shoulder more responsibilities."

Wang agreed. At a big data exchange forum held on Tuesday, Wang's company, partnering with important industry players and research institutions, released a white paper that aims to set a standard for the development of the nascent sector.

The 20,000-word convention stipulates in detail what types of data are allowed to be exchanged on the platforms, how to punish companies that violate rules and what part governments can play in regulating the industry.

"This is more of a self-disciplined effort," Wang said. "I hope governments could move fast to roll out official regulations. This is the only way that the big data exchange market has an opportunity to thrive."

Ma Si contributed to this story.

Foxconn uses database to launch finance operation

Foxconn Technology Co Ltd is moving into finance by leveraging the big data boom in China. Founder and Chairman Terry Gou said on Tuesday: "We are looking to offer financial services to our suppliers by taking advantage of the massive data we have collected over decades of manufacturing gadgets."

Calling this business model "supply chain finance," Gou said the company aims to help its suppliers make decisions, gather data and manage their cash flow.

"Big data can reveal whether suppliers are running out of steam. If they are, we can quickly see this and tell them to downsize inven-



Terry Gou founder and chairman, Foxconn Technology Co Ltd

tory to help reduce costs."

Last year, Foxconn's transactions as both a vendor and purchaser amounted to \$200 billion, and that activity yielded a vast collection of data.

"If our suppliers have good credit, we can provide financing to them at lower rates than banks charge," he said.

In 2013, the Taiwan-based company set up a financial unit in Shanghai to offer such services, but it is still in the process

of applying for the necessary licenses.

Gou made the comments on a bus trip to his company's big data center in Guiyang, the capital of southwestern Guizhou province. In 2014, Foxconn signed a comprehensive partnership deal with Guizhou. The company, which churns out gadgets for Apple Inc, promised to set up big data centers and help develop Guizhou into an important handset manufacturing base by 2017.

In the first quarter of 2015, the industrial park built by Foxconn in Guiyang achieved a revenue of 227 million yuan (\$37 million).

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