

TITLE: Party-state Support for Chinese E-commerce Export Development  
AUTHORS: Łukasz Sarek, Foray China

## EXECUTIVE SUMMARY

China's exports in the e-commerce channel have been growing rapidly in recent years. The covid pandemic was rather a factor accelerating the growth than an impediment. The Chinese e-commerce exports growth rate was higher than the total exports growth rate. The Chinese companies successfully increased the flow of goods to foreign markets both in B2C and B2B models. The share of transactions in B2B model in Chinese e-commerce exports is much higher than in B2C model. The gap has been narrowing over the years but still B2B transaction constitute over 2/3 of e-commerce exports.

About one-third of all Chinese exports in the e-commerce channel in 2022 still flowed to the US, which makes this country undoubtedly the largest market. The UK and Germany were among the key recipients of Chinese B2C e-commerce with a share of 6.5 and 4.3 percent, respectively. However, in recent years the exports to ASEAN increased rapidly and the countries such as Malaysia, Singapore are key targets.

On the supply side the top Chinese provinces for exports in e-commerce are: Guangdong, Zhejiang, Shandong and Fujian. Guangdong and Zhejiang are traditional strong export bases. Shandong and Fujian are also an important provinces on China's export map, however for traditional export they not hold the top spot. Their high positions indicate that e-commerce has been a good opportunity for the local enterprises to expand their export business.

Chinese e-commerce exporters offer their products to European customers using Chinese e-commerce platforms, Western marketplaces, including European regional marketplaces, as well as through their own online shops. The number of overseas customers in EU Member States is growing dynamically. According to data provided by Statista for 2023, in 15 EU Member States and in the UK, the share of consumers who made e-commerce purchases from Chinese sellers is 40% or more.

The activities of Chinese e-commerce businesses in the European Union have raised various allegations, including the manner and extent of collection of personal data, its usage, transfer of personal data outside the EU, particularly to China, harmful effects on minors, the nature and manner of advertising, unfair methods of competition detrimental to domestic European businesses, the safety of products sold to European consumers.

The regulators in European Union have already taken a number of steps to force Chinese e-commerce giants to adapt their business model and operations to EU standards and rules. However, those actions have been so far focused primarily on the areas of platform users security, protection of privacy, transparency of operations and respect for freedom of expression. EU authorities have not yet addressed the problem of the competitive advantage that Chinese companies have over their European peer as a result of massive support the Chinese authorities have provided to cross border e-commerce industry.

China's economy is not a market economy. Economic life is largely subordinated to the political goals set by the CCP and controlled through guidelines, economic plans and regulations. Formally, the key party body that enacts guidelines for party-state administration in the area of the digital economy, including cross-border e-commerce, is the CCP Congress and CCP Central Committee. In reality the

most important party-state organ shaping state policy in e-commerce is the CCP's Central Cyberspace Affairs Commission, The commission formulates general policies and coordinates the activities of party and state bodies. The CCAC also co-issues policy documents jointly with state agencies, acts unilaterally or cooperates with state agencies. Within the state administration on the central level the top bodies drawing the e-commerce and export policies are the State Council, National Commission for Reform and Development and the Ministry of Commerce.

Covid outbreak hit Chinese businesses painfully. Faced with mounting economic difficulties, the CCP leadership implemented multiple policies to stimulate the faltering economy. They saw increased in exports as one of the ways to quickly ease the difficult economic situation. Faced with the challenges of numerous restrictions on the movement of goods and services, traditional exports were not a model that guaranteed growth. As China had already experienced the rapidly growing value of both domestic trade and exports in e-commerce in the previous years, the CCP leadership found this model to be a good tool for increasing the overseas expansion of Chinese companies. Therefore, since 2020, Chinese authorities have stepped up the implementation of relevant e-commerce export support measures, such as subsidies and other financial support, the expansion of broad infrastructure facilities and favorable regulations.

In China's planned-economy system, targets set at the central level are then distributed to provinces. The goals of the plans set for the entire province are then transferred to lower-level units: counties, county cities, etc. for implementation. On the provincial level general goals and measures to achieve those goals are formulated. In response to provincial plans authorities on lower levels of administration release the more detailed version of e-commerce support policies.

The support covers wide range of subsidies for opening an e-commerce export channel, setting up their online store, as a reward for increase in e-commerce export revenues, covering cost of advertising, especially in foreign social media cost of participation in the fair, costs of protecting intellectual property rights. Industrial park authorities hosting e-commerce enterprises are offered a subsidies calculated as a share of investment amount. They can also receive the financial awards for increasing export revenues or number of hosted enterprises.

One of the key elements of party-state support for e-commerce companies is the establishment of pilot zones for cross-border trade in the e-commerce model. The pilot zones built an ecosystem in which Chinese authorities have created favorable customs, foreign exchange, taxation, logistics solutions and are providing financial support to encourage enterprises to engage in import and export through the e-commerce model. Under the umbrella of the zones' solutions, there are industrial parks organized and supported by the party-state apparatus, bringing together enterprises oriented to produce or export goods in e-commerce. By the end of 2022, approval for operation had been granted for 165 zones.

E-commerce exporters also enjoy the preferential tax policies. Can be exempted from VAT and consumption tax. Companies registered in the zones can also take advantage of this preferential rate, even if they do not have VAT invoices. A special CIT rate of just 4%, instead of the standard 25%, has also been introduced for companies who conduct retail export sales through dedicated platforms.

Supporting the development of logistics services used for export in the e-commerce model occupies a very important position in China's e-commerce support policy. The Chinese authorities primarily seek to support the development of those types of services that are most under the control of Chinese companies. Thanks to the support of the party-state apparatus, overseas export warehouses play a very important role in B2C e-commerce exports. Postal shipments by China post and shipments by overseas companies of Chinese courier companies are also of great importance. Significant resources are also being allocated by the authorities to support rail transport, which also serves to increase e-commerce export releases.

The distinctive feature of the Chinese system is not the size of individual subsidies or other forms of support given to Chinese companies, but the multiplicity of sources from which they can be obtained and the variety of purposes for which they can be used. It is only when all these measures are added up that the size of the Chinese state's involvement in the overseas expansion of Chinese companies can be fully reflected.

Given the extent and scope of Party-State apparatus support for the e-commerce sector in China, EU and member states authorities should undertake the following actions:

1. Conduct a comprehensive analysis to determine the full extent of this support, its impact on Chinese companies building an unfair competitive advantage over European companies.
2. Hold comprehensive negotiations with the Chinese authorities to urge them to immediately abandon their unfair support of exports in e-commerce sector.
3. Depending on the results of the analysis, identify and implement appropriate mitigating measures, e.g. in the form of additional duties on e-commerce imports, including those conducted through an foreign warehouse system.
4. Support the development of export in e-commerce by European companies to offset the unfair advantage of Chinese companies in foreign markets.

## **Introduction. EU position on Chinese e-commerce exports.**

Chinese e-commerce companies have been rapidly expanding into foreign markets in recent years. They also offer their products to European customers via Chinese e-commerce platforms, Western marketplaces, including European regional marketplaces, as well as through their own online shops. The number of overseas customers in EU Member States is also growing dynamically. According to data provided by Statista for 2023, in 15 EU Member States and in the UK, the share of consumers who made e-commerce purchases from Chinese sellers is 40% or more. The activities of Chinese e-commerce businesses in the European Union have raised various allegations, including the manner and extent of collection of personal data, its usage, transfer of personal data outside the EU, particularly to China, harmful effects on minors, the nature and manner of advertising, unfair methods of competition detrimental to domestic European businesses, the safety of products sold to European consumers, etc.

European Union and member states try to mitigate the risks related to Chinese e-commerce operations in EU. A tool that the Commission has already started to use to make Chinese e-commerce platforms present in the European Union safer and more transparent for users is the Digital Service Act. DSA imposes special obligations on the Very large online platforms (VLOPs). The online platforms falls within the category of VLOP if its number of users exceeds 45 mln. Till now the following Chinese market places have been designated as VLOPs: Ali Express, Shein, Tik Tok,<sup>1</sup>

Under DSA regime online platforms are obliged to: report criminal offenses, establish user-friendly terms and conditions, be transparent as regards advertising, recommender systems or content moderation decisions. The VLOPs have potentially huge impact on society, therefore they are obliged to identify, analyze, and assess systemic risks that are linked to their services and in result, among others the obligation to remove the illegal content, to secure fundamental rights, such as freedom of expression, media freedom and pluralism, consumer protection and children's rights and to be free from discrimination public health, protection of minors, and mental and physical wellbeing. EC wants to enforce the compliance with the new regulation by imposing on VLOPs the regime of independent audit access to the platforms' data by designated researchers, data sharing obligations with EC and national authorities.<sup>2</sup> For non compliance EC can impose the hefty fine of up to 6% of global revenue.

In February 2024 EC launched an investigation against Tik Tok on the grounds of non complying with EU rules on protection of minors, advertising transparency, data access for researchers, as well as the risk management of addictive design and harmful content.<sup>3</sup> In March EC opened formal proceeding to verify whether Aliexpress breached DSA regulations concerning management and risk moderation and the internal complaint handling mechanism, transparency of advertising and recommender systems, the traceability of traders and to data access for researchers.<sup>4</sup>

- 
- 1 Supervision of the designated very large online platforms and search engines under DSA, European Commission, updated 30.04.2024, <https://digital-strategy.ec.europa.eu/en/policies/list-designated-vlops-and-vloses> Tik Tok is not formally the e-commerce platform, however as the platform dynamically develops the business model of social selling that involve exploitation of video sharing functionality in this respect it is used as an e-commerce platform.
  - 2 DSA: Very large online platforms and search engines, European Commission, <https://digital-strategy.ec.europa.eu/en/policies/dsa-vlops>
  - 3 Commission opens formal proceedings against Tik Tok under the Digital Services Act, European Commission 2024.02.19, [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_24\\_926](https://ec.europa.eu/commission/presscorner/detail/en/IP_24_926)
  - 4 Commission opens formal proceedings against AliExpress under the Digital Services Act, European Commission, 14.03.2024, [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_24\\_1485](https://ec.europa.eu/commission/presscorner/detail/en/IP_24_1485)

Chinese online platforms activities were also scrutinized by the regulator in Ireland. In September 2023 Irish Data Protection Commission announced 345 mln EUR fine for Tik Tok for infringement of the GDPR law in respect of children's protection. Irish regulator found Tik Tok operations non compliance with EU regulations could lead among other to Children User to lose autonomy and control over their data and in turn to become a target of online exploitation or grooming or further physical, material and non material damage, where the Child User reveals identifying personal data. The Tiko Tok also did not implement measures to ensure that by default the social media content of the Child User was not made accessible to an indefinite number of natural persons.<sup>5</sup>

As the examples above illustrate the regulators in European Union have already taken a number of steps to force Chinese e-commerce giants to adapt their business model and operations to EU standards and rules. However, those actions have been so far focused primarily on the areas of platform users security, protection of privacy, transparency of operations and respect for freedom of expression. Moreover, efforts of EU authorities have been focused mainly on the largest players while multiple smaller scale platforms and throngs of individual enterprises present in the EU's digital sphere actually operate without any effective scrutiny.

The growing awareness of EU authorities on the role the subsidies and other forms of state support play in building the competitive advantages of Chinese companies has been already translated into the actual actions. During a recent visit by PRC Chairman and also CCP General Secretary Xi Jinping, Ursula von der Leyen announced that „EU executive will leave no stone unturned in its bid to stop China's heavily-subsidized manufacturing sector and unfair trade practices from suffocating Europe's homegrown industries“.<sup>6</sup> The President of the European Commission referred mainly to the subsidies and other forms of support that Chinese companies in the manufacturing sector have enjoyed and continue to enjoy. The Commission has already taken a number of measures in recent years to protect the European market from unfair Chinese competition in industries such as steel, electric cars, wind turbines and solar panels.

In 2024, the European Commission published an updated version of the report on significant distortions in the Chinese economy.<sup>7</sup> The first version of the report was published in 2017 and covered the arguments proving that Chinese economy cannot be treated as a market economy. The report's findings of subsidizing Chinese companies or unfairly undercutting their prices could be ground for EU authorities to initiate anti-dumping or anti-subsidy proceedings. They facilitate actions taken by the EU manufacturers on the EU forum against unfair Chinese competition as they moved the burden of proving the unfair practices in selected industries from EU enterprises or associations of enterprises to the EU Commission.<sup>8</sup>

---

5 In the matter of the General Data Protection Regulation DPCS Inquiry Reference: IN-21-9-1. In the matter of Tik Tok Technology Limited. Decision of the Data Protection Commission made pursuant to Section 111 of the Data Protection Act 2018 and Articles 60 and 65 of the General Data Protection Regulation. Further to an own-volition inquiry commenced pursuant to Section 110 of the Data Protection Act, 2018, Data Protection Commission, 2023.09.01, [https://www.edpb.europa.eu/system/files/2023-09/final\\_decision\\_tiktok\\_in-21-9-1\\_-\\_redacted\\_8\\_september\\_2023.pdf](https://www.edpb.europa.eu/system/files/2023-09/final_decision_tiktok_in-21-9-1_-_redacted_8_september_2023.pdf)

6 Jones M.G, EU ready to make 'full use' of trade defence tools against China, von der Leyen warns Xi, Euronews, 6.05.2024, <https://www.euronews.com/my-europe/2024/05/06/eu-ready-to-make-full-use-of-trade-defence-tools-against-china-von-der-leyen-warns-xi>

7 Commission Staff Working Document on Significant Distortions in the Economy of the People's Republic of China for the Purposes of Trade Defence Investigations, European Commission, 10.04.2024, [https://ec.europa.eu/transparency/documents-register/api/files/SWD\(2024\)91\\_0/de0000001063016?rendition=false](https://ec.europa.eu/transparency/documents-register/api/files/SWD(2024)91_0/de0000001063016?rendition=false)

8 Sarek Ł., Zmiany w instrumentach ochrony rynku unijnego przed nieuczciwą chińską konkurencją (Changes to instruments to protect the EU market from unfair Chinese competition), Asia Research Center Bulletin January 2018, page 13, [https://www.wojsko-polskie.pl/aszwoj/u/2f/6c/2f6c0377-e90d-4bdc-aad6-0f737beb308d/2018-01\\_biuletyn\\_osrodka\\_badan\\_azji.pdf](https://www.wojsko-polskie.pl/aszwoj/u/2f/6c/2f6c0377-e90d-4bdc-aad6-0f737beb308d/2018-01_biuletyn_osrodka_badan_azji.pdf)

Unfortunately, the support provided by the Chinese party-state apparatus to e-commerce companies and the increasingly strong competitive position of Chinese e-commerce exporters vis-à-vis European companies have been of much less interest to the EU authorities so far. The dynamic growth of Chinese e-commerce sector and the increased quantity of goods and services that flows to European Union from China within the e-commerce framework are partially driven by the massive support provided by the Chinese party-state apparatus to the e-commerce enterprises.

The implementation of the EU's rules on the VAT for e-commerce that came into force on 1 July 2021 was an important step on the way to curb the massive flow of untaxed Chinese goods into the EU. Imposing the import VAT on low value parcels combined with introduction of the complex system of parcels' registration and processing was an important milestone in ensuring the level playing field for European e-commerce sellers against their Chinese competitors. The system is not being free from loopholes that are exploited by the Chinese actors but nevertheless the implementation of this regulation changed significantly the regulatory landscape providing the EU member states a useful toolbox.

The VAT for cross border e-commerce package only deals with the part of the problem. It is aimed at reducing the unfair competitive advantage that Chinese exporters enjoyed due to selling goods to EU consumers without VAT being levied on the majority of sales prior to implementation of VAT for e-commerce package. It does not address the problem of the competitive advantage that Chinese companies have over their European peer as a result of massive support the Chinese authorities have provided to cross border e-commerce industry.

The issue of subsidies for e-commerce sector has also not been covered by the EU-China Comprehensive Agreement on Investments (CAI). However the Annex to Article 8 of CAI includes the list of the industries where both parties agreed to establish transparency on subsidies. With included courier services and all means of transportation in the CAI text the EC touched the issue of subsidies provided to industries being pivotal to rapid development of the Chinese cross border e-commerce and its global expansion. The agreement was negotiated by the EC but not ratified by the European Parliament and is effectively frozen.

The EU authorities undertake other initiatives related to the e-commerce trade in their interactions with China. They have been involved in dialogue on the digital economy within the framework of High-level Digital Dialogue. But neither first nor the second round of talks within this framework covered specifically the Chinese party-state subsidies and other forms of support for e-commerce. During the second Dialogue EU authorities have only urged the Chinese authorities to ensure a fair, reciprocity-based business environment in the digital field.<sup>9</sup> One of the areas related to cross border e-commerce negotiated by the EU representatives with the Chinese authorities was the safety of non-food consumer products sold online.<sup>10</sup>

The safety of the products sold via e-commerce channel is very important to EU customers. The shipments of products from China through standard trade channels and introduced to EU market by importers are easier to control and track. The importers hold the responsibility for ensuring the safety of the products and can be held accountable for any infringements of safety standards. Within the current

---

9 EU-China: Commission and China hold second High-level Digital Dialogue, European Commission, 2023.09.18 [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_23\\_4488](https://ec.europa.eu/commission/presscorner/detail/en/ip_23_4488)

10 EU-China: Commission and China hold first High-level Digital Dialogue, European Commission, 2020.09.10, [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_1600](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1600)

framework it's impossible for EU and member states agencies to effectively control the quality of every single item shipped from China to EU through e-commerce channels, especially in B2C model. This initiative can be helpful in levelling the playing field between EU and Chinese enterprises involved in e-commerce sales. If the Chinese companies are successfully forced to comply with the same safety standards they would be deprived of the cost advantage related to sales of substandard goods. The action plan on safety of non-food consumer products sold online adopted by both parties aimed at increasing the security of products sold in cross border e-commerce is very general and non-binding agreement, that at the current state offers no substantial solution.<sup>11</sup> This initiative also does not address the issue of party-state support to the development of the Chinese e-commerce sector.

This study presents the support measures that Chinese authorities offer to e-commerce enterprises in their overseas expansion. Those measures include among others subsidies, favourable tax breaks, the creation of e-commerce clusters, special customs procedures etc. The study presents only a small part of the huge, comprehensive support system established for encouraging Chinese enterprises to increase their e-commerce exports. Key regulations at the national level and selected types and examples of support at the central and local levels are presented. The study aims to make European stakeholders aware of the comprehensive means and areas in which Chinese authorities provide support to the e-commerce industry. To build a more complete picture of the involvement of the party-state apparatus and to capture the full range of measures used by the Chinese authorities and the scale of support more extensive research is required. The distinctive feature of the Chinese system is not the size of individual subsidies or other forms of support given to Chinese companies, but the multiplicity of sources from which they can be obtained and the variety of purposes for which they can be used. It is only when all these measures are added up that the size of the Chinese state's involvement in the overseas expansion of Chinese companies can be fully reflected.

Given the extent and scope of Party-State apparatus support for the e-commerce sector in China, EU and member states authorities should undertake the following actions:

1. Conduct a comprehensive analysis to determine the full extent of this support, its impact on Chinese companies building an unfair competitive advantage over European companies.
2. Hold comprehensive negotiations with the Chinese authorities to urge them to immediately abandon their unfair support of exports in e-commerce sector.
3. Depending on the results of the analysis, identify and implement appropriate mitigating measures, e.g. in the form of additional duties on e-commerce imports, including those conducted through an foreign warehouse system.
4. Support the development of export in e-commerce by European companies to offset the unfair advantage of Chinese companies in foreign markets.

---

11 Text of the agreement: Action plan on the safety of non-food consumer products sold online between the Directorate General for Justice and Consumers of the European Commission and the General Administration of Customs of the People's Republic of China, 2023.09.18, [https://commission.europa.eu/business-economy-euro/product-safety-and-requirements/product-safety/international-cooperation-product-safety/bilateral-cooperation\\_en#china](https://commission.europa.eu/business-economy-euro/product-safety-and-requirements/product-safety/international-cooperation-product-safety/bilateral-cooperation_en#china)

## 1. China's e-commerce exports in B2B and B2 channels

### 1.1 Export value and growth rate

China's exports in the e-commerce channel have been growing rapidly in recent years. The covid epidemic has been rather a factor accelerating the growth than an impediment. Global demand for low-cost Chinese goods, greater flexibility and speed of delivery in e-commerce compared to traditional channels greatly contributed to its success.

The classification of transactions as completed in the e-commerce channel under the official regime established by Chinese authorities is different from the classification applied by researchers and analysts. The transactions which are concluded with use of electronic means but where the realization is partly carried out outside the system are placed outside the official system. Example of e-commerce transaction excluded from official system are B2B deals concluded via email correspondence and concerning products offered on the online platform, but not registered by the platform with delivery by sea or air carried out by a third-party freight forwarder.

The differences in classification method of the transactions result in a significant differences in the volumes' estimation made by Chinese authorities and by some e-commerce market research companies in China like iResearch. The Chinese authorities report the value of e-commerce sales for 2023 at around 1,83 trln Rmb (over 260 bln usd).<sup>12</sup>

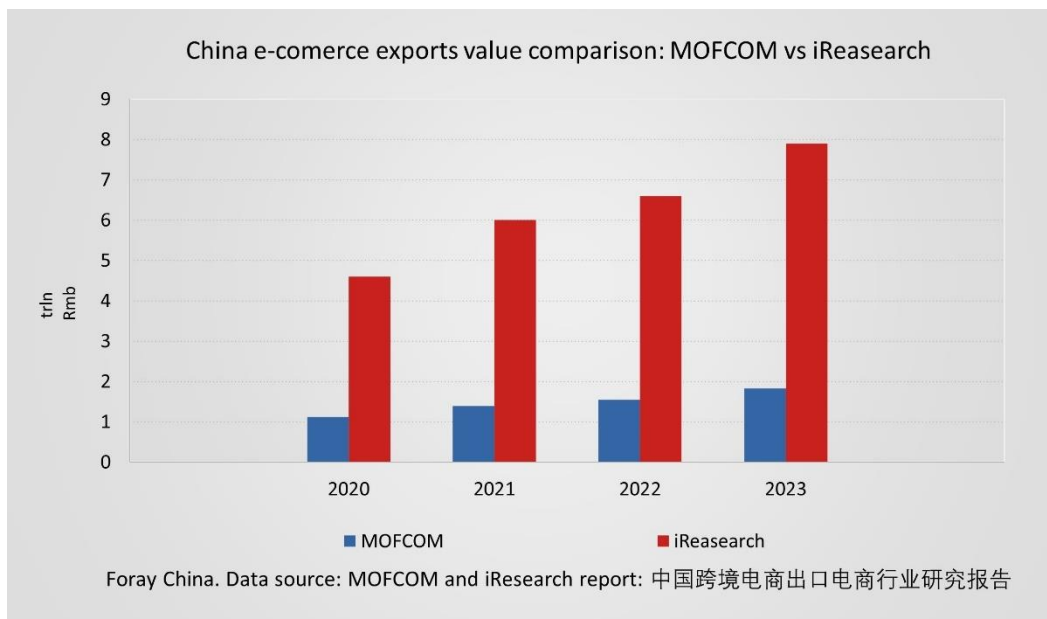
The estimations made by iResearch put that value at nearly 7.9 trln Rmb (1.1 trln usd).<sup>13</sup> The calculations made by iResearch and other institutions are based on various sources (official data, surveys) and could include transactions that cannot not be strictly classified as full-fledged e-commerce operations. While the government data underestimate the size of the China's e-commerce trade, the methodology adopted by research institutions can lead to overestimation.

---

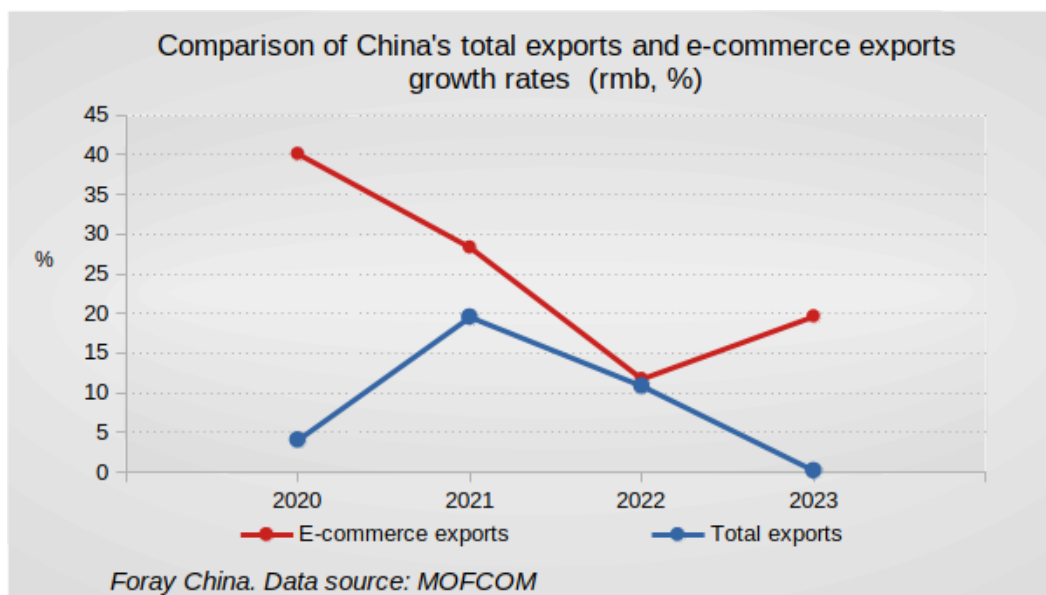
12 If not otherwise stated the data presented in this report have been collected from database of National Bureau of Statistics of China and from data sets released by the Ministry of Commerce, with majority retrieved from the set of the following reports: 中国电子商务报告 2018, China E-commerce Report 2018), Ministry of Commerce, E-commerce and Informatization Department, 30.05.2019, [https://dzswgf.mofcom.gov.cn/news\\_attachments/1218e3fe159b6d154f5715aa32151259d2c35bbd.pdf](https://dzswgf.mofcom.gov.cn/news_attachments/1218e3fe159b6d154f5715aa32151259d2c35bbd.pdf); 中国电子商务报告 2019, China E-commerce Report 2019), Ministry of Commerce, E-commerce and Informatization Department, 2020.07.02, [https://dzswgf.mofcom.gov.cn/news\\_attachments/a1298d1a90432b904b4790b25190fc3b13371c70.pdf](https://dzswgf.mofcom.gov.cn/news_attachments/a1298d1a90432b904b4790b25190fc3b13371c70.pdf); 中国电子商务报告 2020, China E-commerce Report 2020), Ministry of Commerce, E-commerce and Informatization Department, 2021.09.15; <http://images.mofcom.gov.cn/dzsws/202110/20211022182630164.pdf>; 中国电子商务报告 2021, China E-commerce Report 2021), Ministry of Commerce, 2022.11.16, <http://images.mofcom.gov.cn/dzsws/202211/20221118180137127.pdf>; 中国电子商务报告 2022, China E-commerce Report 2022), Ministry of Commerce, 2023.06.09, <http://images.mofcom.gov.cn/dzsws/202306/20230609104929992.pdf>

13 中国跨境出口电商行业研究报告 (China Cross-border Export E-commerce Industry Research Report), iResearch, 2023, <https://report.iresearch.cn/report/202309/4234.shtml>





Data provided by official sources and researching institutions put the e-commerce growth rate at much higher level than the total exports growth rate. The official data strongly indicate that e-commerce was driving the total exports growth up. The share of e-commerce in total exports grew from 6.25% in 2020 to 7.7% in 2023 based on official data. According to iResearch estimations that share would be even much higher with 21.5% in 2020 and 27.8% in 2022.



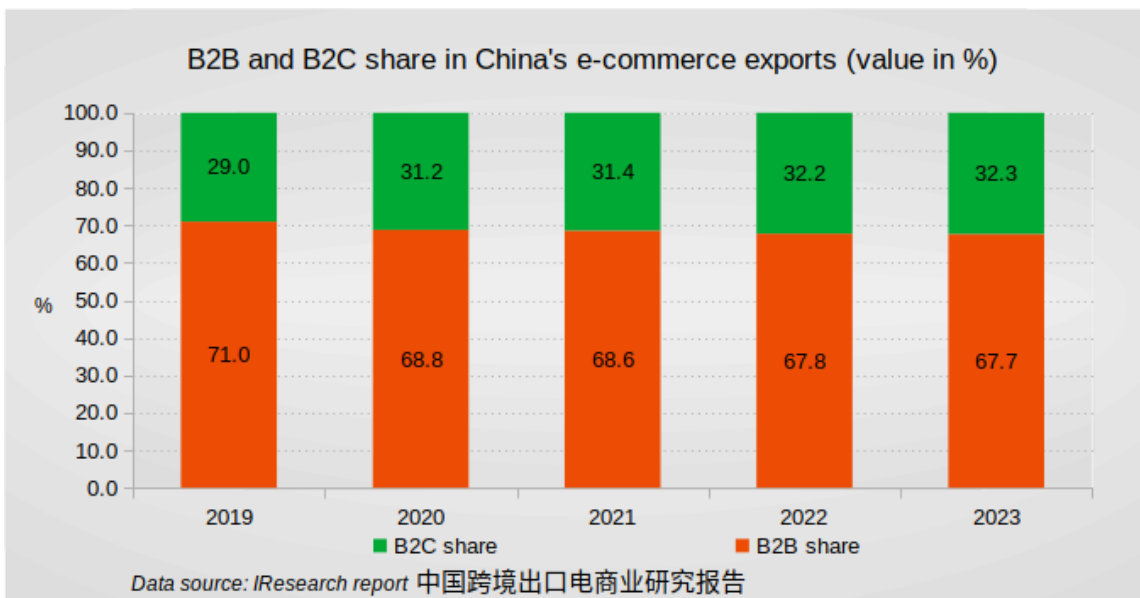
Export was important force driving the China's faltering economy during pandemic period. Economic growth in 2023 was 5.2 percent, which was in line with the target set by the CCP leadership, but clearly lower than in the years preceding the pandemic. In 2021, it reached 8.45 percent, thanks to the temporary lifting anti covid restrictions and recovery in business activities However, this growth was achieved on a very low base after a first "covid" year 2020, when increase was only at 2.24 percent. In 2022, when the authorities were implementing the zero covid policy, economic growth dropped below 3 percent. The

export growth rate and especially the e-commerce export growth rate were much higher than GDP growth rate, which indicates the important role of exports in total and in e-commerce in supporting China's economy.

## 1.2 E-commerce models and key players

Sales transactions in the e-commerce model can involve both businesses and individuals. Due to the differences between these two types of subjects in terms of goods volume, preferred delivery methods, different payment methods, partially also groups of goods, usually the e-commerce sales are classified as: business-to-business (B2B) transactions, sales to individual customers (B2C), transactions between entities (usually individuals), where the seller is not selling as a professional activity (C2C). This classification also applies to Chinese e-commerce exports, with only B2B and B2C transactions being important.

According to iResearch report in terms of value the share of transactions in B2B model in Chinese e-commerce exports is much higher than in B2C model. The gap has been narrowing over the years but still B2B transaction constitute over 2/3 of e-commerce exports.<sup>14</sup>



Implementing e-commerce export support and measures facilitating custom procedures, Chinese authorities have introduced a more elaborate classification of e-commerce export types, which encompasses following categories:

1. Sales transactions concluded on third party online platforms, through seller's own online shop or similar means, with the goods sent to individual customers (B2C) in direct shipping mode (customs code 9610).
2. Sales to business customers made through one of the B2B platforms like Alibaba or the online services established by the seller (customs code 9710).

<sup>14</sup> 中国跨境出口电商行业研究报告 (China Cross-border Export E-commerce Industry Research Report), iResearch, 2023, <https://report.iresearch.cn/report/202309/4234.shtml>

3. Transactions completed through a network of so-called overseas warehouses, where the goods to the customer are sent to the special warehouse located abroad. The delivery for foreign customer is effected from the overseas warehouse (9810).

This system covers limited range of e-commerce transaction leaving many outside the official framework which leads to huge discrepancies in e-commerce exports estimations.

Chinese companies, especially small and medium-sized ones, enter global markets primarily through e-commerce platforms. This applies to both the B2B and B2C segments. Among Chinese platforms, facilitating transactions in B2B model, Alibaba has played the most important role for years. It is still listed alongside Amazon as eBay as a leading global player, despite the serious problems it has faced in recent years. Other popular platforms include Made in China, DH Gate and ECVV. Hong Kong-based Global Sources (controlled by Black Rock) can also be included in this group considering the current Hong Kong's political status. Chinese exporters also exploit the opportunities for expansion provided by leading global and regional B2B e-commerce platforms such as Amazon, eBay or Korean based EC Plaza or EC21.

### **1.3 Main markets and product groups**

According to official data the United States is by far the largest and most important market for Chinese e-commerce exports, according to official Chinese data. Exports to East and Southeast Asian countries are also becoming increasingly important. While Japan and Korea have been an important export destinations for Chinese exporters for quite a time, Southeast Asia has begun to gain tremendous importance in recent years. The entry into force of RCEP has made it much easier for Chinese exporters to penetrate the e-commerce market there.

The smaller number of European countries on the list of top export destinations for China's e-commerce does not mean that Chinese exports have declined in value over the years. The flows to other markets are just much more dynamic. Europe, however is still an important place on the map of the Chinese export e-commerce destinations. The ranking of the top export destinations changes dynamically year by year. In 2020 MOFCOM changed the methodology and started presenting integrated data for provincial B2C and B2B exports. In previous years MOFCOM was focused on B2C exports only. The changes in the ranking suggest that in B2C exports covered by the framework established by Chinese customs regime flows to European countries play much greater role than B2B exports.

Top e-commerce export destinations		
2022	2021	2020
(Total export)	(Total export)	(B2C export)
USA	USA	Malaysia
Malaysia	Malaysia	USA
Singapore	UK	Singapore
Italy	Korea	UK
Vietnam	Japan	Philippines
Korea	Canada	Netherlands
Thailand	Singapore	France
Philippines	Netherlands	Korea
India	Philippines	Hongkong
Japan	Australia	Saudi Arabia
<i>Foray China. Data source: MOFCOM</i>		

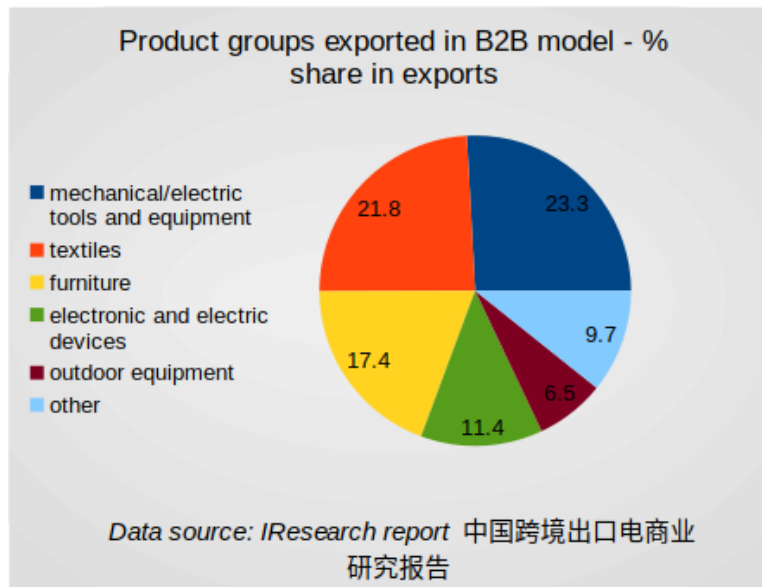
According to iResearch data, in 2022. The UK and Germany were among the key recipients of Chinese e-commerce with a share of 6.5 and 4.3 percent, respectively. As iResearch analysts cover wider range of transactions than included in official data it seems that the goods flowing in e-commerce channel to Europe are sold mainly outside framework officially adopted by Chinese authorities. According to iResearch data still about one-third of all Chinese exports in the e-commerce channel in 2022 still flowed to the US, which makes this country undoubtedly the largest market..<sup>15</sup>

In a group of platforms servicing the B2C operations Aliexpress still stands out as a top performer in the global market among the Chinese enterprises. Aliexpress has been very popular shopping platform in many European countries holding the spot in the top 5 in Italy, Spain and France, However, in the European market Temu, another Chinese e-commerce platform, has made successful inroads recently. Subsidiary of Chinese e-commerce giant Pinduoduo aggressively fights for increased market share. Riding back on its popularity as social media app Tik Tok shop also gains traction in Europe, while Shein is winning the massive number of new customers at the expense of Western fashion platforms.

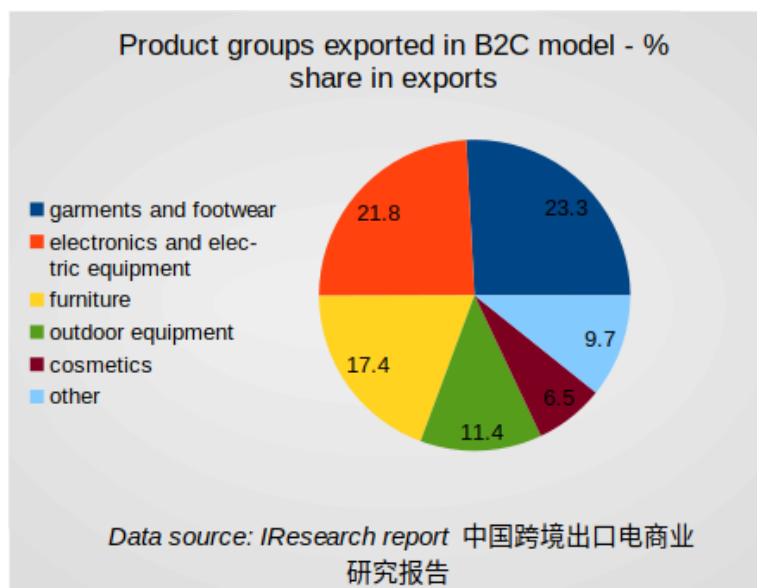
The list of top products exported by Chinese companies in the e-commerce channel in the B2B model differs from the list for general exports. The share of textiles and furniture is greatly higher than the share of overall exports from China. This indicates the fact that for Chinese entrepreneurs in these industries, e-commerce is a very good channel to sell products.

---

15 中国跨境出口电商行业研究报告 (China Cross-border Export E-commerce Industry Research Report), iResearch, 2023, <https://report.iresearch.cn/report/202309/4234.shtml>



Similar situation concerns the products exported in B2 C Garments and footwear take nearly ¼ of the total exports according to iResearch estimation.<sup>16</sup>That’s much higher share compared to the total exports. Share of furniture, outdoor equipment and cosmetics is also much higher.



#### 1.4 Key B2B and B2C e-commerce export hubs in China

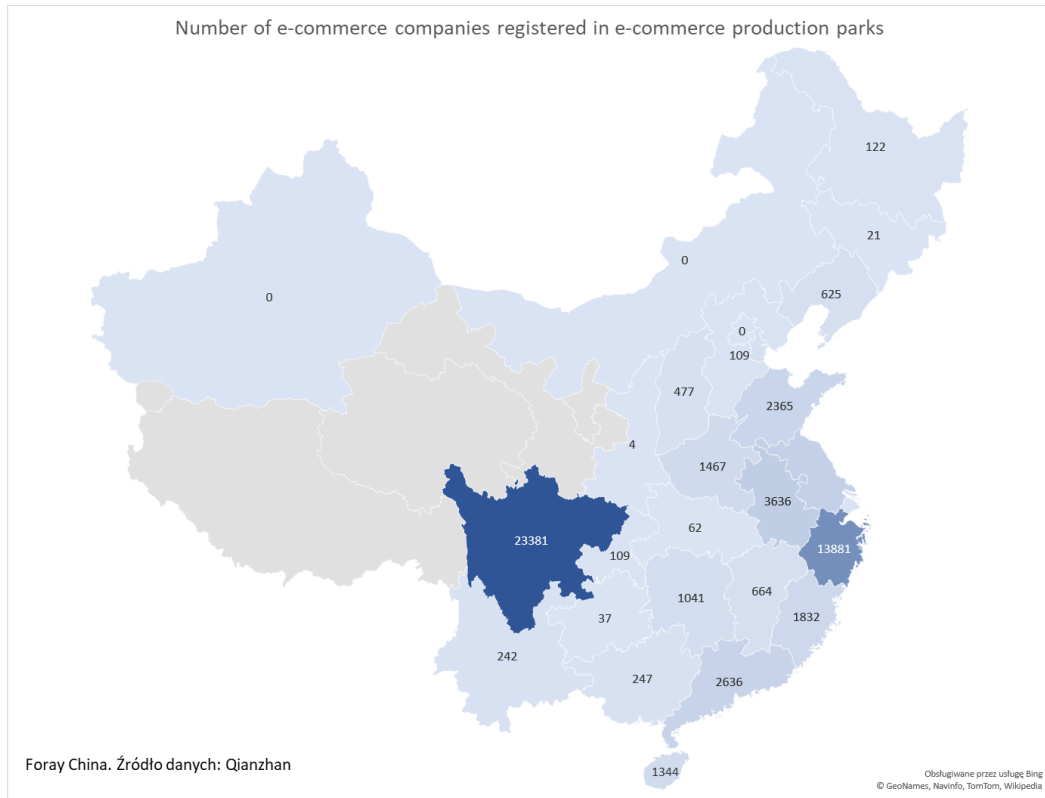
16 中国跨境出口电商行业研究报告 (China Cross-border Export E-commerce Industry Research Report), iResearch, 2023, <https://report.iresearch.cn/report/202309/4234.shtml>

Guangdong has been China's main export hub for decades and the companies from this province are also leading force in China. Considering the share in the total exports the provinces position could be described as dominating.

Chinese provinces with the highest share in e-commerce foreign trade		
2022	2021	2020
(Total export)	(Total export)	(B2C export)
Guangdong	Guangdong	Guangdong
Shandong	Shandong	Zhejiang
Zhejiang	Fujian	Henan
Fujian	Zhejiang	Fujian
Jiangxi	Henan	Hunan
<i>Foray China. Data source: MOFCOM</i>		

Zhejiang is also China's traditional strong export base. Shandong and Fujian are also an important provinces on China's export map, however for traditional export they not hold the top spot. Second position of Shandong and very high position of Fujian in recent years indicate that e-commerce has been a good opportunity for the local enterprises to expand their export business. Being a key railway hub on the route to EU has greatly helped Henan to become one of the leading e-commerce export regions.

The rapid development of the e-commerce in China is supported and in some cases stimulated by the state. With the establishment of the e-commerce industry parks and the establishment of large numbers of the new e-commerce enterprises the new regions could quickly gain more importance.



The sheer number of new companies does not mean that a specific region is poised to be leader. Sichuan with the largest number of business registered in e-commerce industrial parks still lags behind the leaders but leading role of Shanghai, Guangdong, Fujian, Jiangsu and Shandong will extensively contribute to the strengthening those regions position as export power houses and increasing their prominence as e-commerce export centers.<sup>17</sup>

<sup>17</sup> Foray China calculations based on Qianzhan (前瞻網) data.

## 2. E-commerce exports in the CCP's economic policy

### 2.1 Key party-state authorities shaping e-commerce export policies

China's economy is not a market economy. Economic life is largely subordinated to the political goals set by the CCP and controlled through guidelines, economic plans and regulations. Guidelines and regulations promulgated by the CCP leadership at the central or provincial level often contain broadly worded provisions directing local authorities at lower levels to implement specific measures to support the expansion of Chinese enterprises. Higher-level plans specify the goals to be achieved, the range of permissible measures, the industries that should be supported and the administrative bodies required to carry out the specific tasks assigned to them.

Formally, the key party body that enacts guidelines for party-state administration in the area of the digital economy, including cross-border e-commerce, is the CCP Congress and CCP Central Committee, which is the executive body. In reality, however, in a Leninist-type party, decisions affecting the shape of the digital economy are made by bodies closely subordinate to the CCP leadership. The most important is the Central Cyberspace Affairs Commission, which was established in 2018 as a result of the transformation of the Central Leading Group for Cyberspace Affairs, established in 2013.<sup>18</sup> The CLGCA was chaired by CCP General Secretary Xi Jinping, who also served as a chairman of the commission until 2023, when he was succeeded in that position by Cai Qi.<sup>19</sup>

The CCAC's activities are shrouded in mystery. There is almost no information about its meetings and activities. The commission formulates general policies and coordinates the activities of party and state bodies. The CCAC also co-issues policy documents jointly with state agencies, acts unilaterally or cooperates with state agencies. Its executive body is the Office of the Central Cyberspace Affairs Commission. The office is a party organ that in the public sphere acts as the Cyberspace Administration of China (CAC). The CAC is not a part of state administration. It does not report to the State Council and is formally subordinate to the CCP Central Committee. However, it exercises the functions of a state organ by issuing state decisions, publishing de facto universally binding acts or coordinating the activities of state organs.<sup>20</sup> It is a party-state organ, that serves as tool for CCP leadership to intervene directly, not through state bodies, in the sphere of the digital economy.

Within the state administration on the central level the top bodies drawing the e-commerce and export policies are the State Council, National Commission for Reform and Development and the Ministry of

---

18 Also named Central Leading Group for Cybersecurity and Informatization. Horsley, Jamie P., Behind the Facade of China's Cyber Super-Regulator, Digichina, 2022.08.08, <https://digichina.stanford.edu/work/behind-the-facade-of-chinas-cyber-super-regulator/>

19 Zheng W., Xi Jinping's chief of staff is China's new internet tsar, sources say, South China Morning Post, 2024.03.28, <https://www.scmp.com/news/china/politics/article/3257096/xi-jinpings-chief-staff-chinas-new-internet-tsar-sources-say>

20 Horsley, Jamie P., Behind the Facade of China's Cyber Super-Regulator, Digichina, 2022.08.08, <https://digichina.stanford.edu/work/behind-the-facade-of-chinas-cyber-super-regulator/>

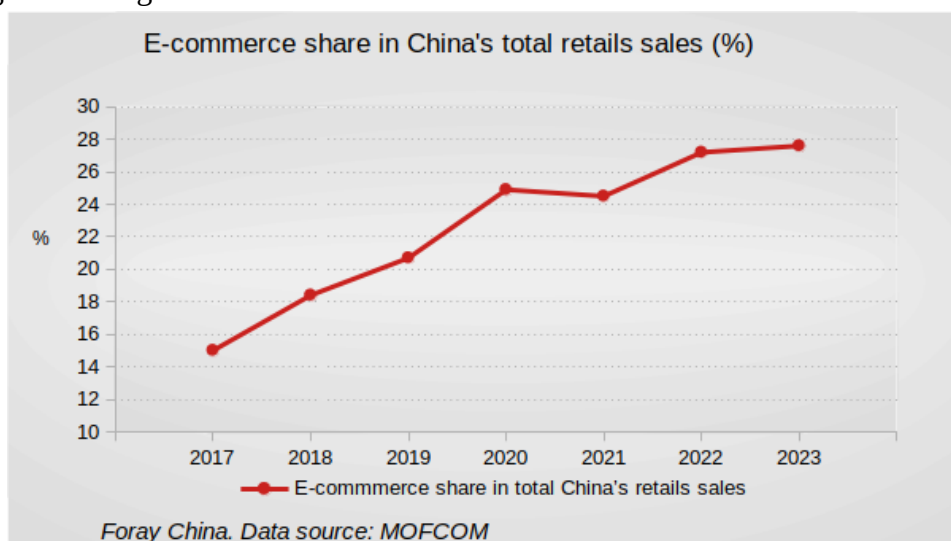


Commerce. State Council which corresponds to government in other countries is the top body in the state administration and issues regulations encompassing the e-commerce export support that are overarching for all organs within the state administration system. The NDRC is the top state body responsible for macroeconomic planning and management supervised by the State Council. It is ranked higher in the system than MOFCOM. The latter however is the key state organ that issues the detailed regulations covering the specific measures adopted to support the e-commerce export. The system of relevant measures is very broad and in many cases covers the areas lying outside the MOFCOM's competence e.g. tax breaks, facilitating export rules, special financing involving financial institutions. In those cases the relevant bodies, eg. Ministry of Finance, General Administration of Customs, issue the regulations with the specific supportive measures unilaterally or jointly with MOFCOM or other bodies. MOFCOM however remains the body within state administrations responsible functionally for e-commerce export development.

## 2.2. E-commerce role in CCP's foreign economic policy

Covid outbreak hit Chinese businesses painfully. Faced with mounting economic difficulties, the CCP leadership implemented multiple policies to stimulate the faltering economy. However, unlike the governments of many other countries, the authorities in Beijing focused primarily on measures supporting the supply side. Facing economic crisis the Chinese reduced consumption but the CCP chose not to implement extensive direct transfer programs. Communist leadership feared that rising inflation would primarily affect the less well-off groups in society, which could eventually lead to social tensions and protests. The declining rates of return on infrastructure investments prevented government from seeking rescue in pumping money into infrastructure projects to boost economy.

Supply-side support, combined with weak domestic demand, left Chinese companies in many industries with overcapacity. The CCP leadership saw increasing exports as one of the ways to quickly ease the difficult economic situation. In difficult times, exports have saved the Chinese economy. Faced with the challenges of numerous restrictions on the movement of goods and services, traditional exports were not a model that guaranteed growth.



Chinese authorities, already supported the development of e-commerce for years. The share of the e-commerce in the total retail sales grew dynamically.

As China had experienced the rapidly growing value of both domestic trade and exports in e-commerce in the previous years, the CCP leadership found this model to be a good tool for increasing the overseas expansion of Chinese companies. Therefore, since 2020, Chinese authorities have stepped up the implementation of relevant e-commerce export support measures, such as subsidies and other financial support, the expansion of broad infrastructure facilities and favorable regulations.

In 14th Five Year Plan formally adopted in March 2021 the e-commerce was defined as an important tool for improving and developing China's international trade.<sup>21</sup> The trade development plan issued by MOFCOM in June 2021 as a regulation broadening the very basic policies covered by Five Year Plan points to the need of use e-commerce as a channel to redirect domestic sales to foreign markets and a platform for Chinese companies to go to foreign markets.<sup>22</sup>

In October 2021. The Ministry of Commerce, the Office of the Central Cyberspace Affairs Commission and the National Development and Reform Commission published "The Fourteenth Five-Year Plan for the Development of E-commerce", which elaborates on the objectives set out in the five-year plan and in the MOFCOM's plan on trade development. This is important document as the executive organ of the CCAC was involved in drafting and publishing this document alongside the powerful NDRC. In this document e-commerce is presented as an important factor in the supply side reforms and development. The party also wants e-commerce to become before 2035 an important driving force for the significant leap in China's economic, scientific and technological strength as well as comprehensive national power. Authorities also see it as an important mode of production and a tool for an efficient allocation of resources in the industrial chain supply chain, As it successfully connects an online and offline worlds, supply and demand the CCP wants the e-commerce to enhance the capabilities of Chinese enterprises in expansion in foreign markets.<sup>23</sup> In other words, being unable to effectively boost in short and medium terms the domestic consumption, Chinese authorities simply want to continue supporting the manufacturing enterprises with use of the e-commerce as a tool for facilitating the flow of the domestic overproduction to foreign markets.

The state apparatus wants to encourage Chinese enterprises to expand overseas. To achieve that goal Chinese authorities will further encourage the construction of a relevant infrastructure among other things, by developing a network of warehouses especially overseas warehouses, logistics, payment systems, and data systems. The role of e-commerce in the internationalization of the yuan and the

---

21 中华人民共和国国民经济和社会发展第十四个五年规划和2035年远景目标纲要, (Outline of the Fourteenth Five-Year Plan for the National Economic and Social Development of the People's Republic of China and the Vision 2035), gov.cn, 2021.03.13, [https://www.gov.cn/xinwen/2021-03/13/content\\_5592681.htm](https://www.gov.cn/xinwen/2021-03/13/content_5592681.htm)

22 "十四五"商务发展规划, "The 14th Five-Year Plan for Business Development" The 14th Five-Year Plan for Business Development, Ministry of Commerce, 2021.06.30, <https://www.gov.cn/zhengce/zhengceku/2021-07/09/5623804/files/edc7943dec4840208d8b1924b87b119e.pdf>

23 "十四五"电子商务发展规划 (E-Commerce Development Plan in the 14th Five-Year Plan), Ministry of Commerce, Central Cyberspace Affairs Commission, National Reform and Development Commission, <https://www.gov.cn/zhengce/zhengceku/2021-10/27/5645853/files/90b38fda32dd4e27aa6080b0bf35266d.pdf>

expansion of Chinese brands is also highlighted, as well as the importance of expanding the pilot zone for cross-border e-commerce. Strongly emphasized in the MOFCOM document is the need to support the internationalization of small and medium-sized enterprises and the expansion-facilitating comprehensive development of an ecosystem of e-commerce platforms and a delivery system that integrates logistics, payment and information flow.<sup>24</sup> For small and medium enterprises, who often face stiff competition in the domestic market or even saturation in some industries, where state owned enterprises often have upper hand due to support received from party state apparatus, going out abroad is the chance for survival and growth. Communist leaders understand that well. As e-commerce has already proved to be great channel for boosting SMEs exports communist leadership wants to create favorable conditions for Chinese enterprises to increase export flows and decrease the pressure on domestic market.

The CCP is aware, that those efforts can face resistance of other countries. The mentioned above MOFCOM's document clearly states that the e-commerce enterprises "going abroad" already face what is named as increasing protectionism, barriers and competition around privacy protection, data flow and other rules and regulations. The document actually acknowledges the Chinese authorities' anxiety about other countries establishing efficient rules on protecting competitions, privacy, data collection that should be also applied to the Chinese enterprises.<sup>25</sup>

### **2.3 Party-state support for e-commerce exports – key regulations**

In the Chinese planned economy five year plans are paramount regulations rolled out to steer the country's economic development in the directions desired by the communist rulers. Five-year plans are drafted by Chinese Communist Party structures with support from government bodies, mainly with National Development and Reform Commission being involved, They are formally approved by the Central Committee and party congress. The National People's Congress, the PRC parliament, formally passes the plan, but has no say on its shape. There is no real debate over the plan worked out by the party organs. The role of the legislature is reduced to obedient signing off on a document.

The government and other organs and agencies on all levels of the executive branch roll out executive acts that transform the general policies included in the Five Year Plan.<sup>26</sup> However, while their role in drafting general policies is very limited, they have more say in formulating the detailed measures that are implemented to achieve the goals set by the CCP. The central organs usually roll out general

---

24 “十四五”电子商务发展规划 (E-Commerce Development Plan in the 14th Five-Year Plan), ), Ministry of Commerce, Central Cyberspace Affairs Commission, National Reform and Development Commission, <https://www.gov.cn/zhengce/zhengceku/2021-10/27/5645853/files/90b38fda32dd4e27aa6080b0bf35266d.pdf>

25 “十四五”电子商务发展规划 (E-Commerce Development Plan in the 14th Five-Year Plan), ), Ministry of Commerce, Central Cyberspace Affairs Commission, National Reform and Development Commission, <https://www.gov.cn/zhengce/zhengceku/2021-10/27/5645853/files/90b38fda32dd4e27aa6080b0bf35266d.pdf>

26 E.g. 2021年全国电子商务工作会议召开, 2021 National E-Commerce Work Conference, Ministry of Commerce, 2021.11.26, <http://www.mofcom.gov.cn/article/xwfb/xwbldhd/202111/20211103221519.shtml>

regulations while the local governments formulate more detailed measures e.g. with specific amount of subsidies and other forms of financial support.

The document on e-commerce development rolled out by CCP agency and government bodies in October 2021 already mentioned in previous sections provides the lay out of areas where Chinese authorities will support the e-commerce development under the current Five Year Plan. Among those especially important for facilitating Chinese overseas expansion are the following:

- encouraging the globalization of e-commerce platform enterprises,
- supporting the Chinese brands overseas expansion
- promoting construction of cross-border e-commerce pilot zones
- improving the network of global e-commerce infrastructure such as warehousing, logistics, payment, data, etc.,
- accelerating the development of overseas warehouses in key markets
- supporting the RMB settlements in cross-border e-commerce and other new trade modes
- cultivating the cross-border e-commerce supporting service enterprises
- supporting the digitization of the global industrial chain supply chain.<sup>27</sup>

This plan does not establish specific means of support such as subsidies, tax exemptions etc. Its importance lies in setting out the policy framework, which is the base for issuing detailed policies and rolling out the programs supporting export in e-commerce. This document contains a number of general demands aimed at improving the business environment that facilitates the development of e-commerce. Among the more specific ones, the document lists construction of comprehensive pilot zones for cross-border e-commerce, expanding a number of leading cross-border e-commerce enterprises and outstanding industrial parks, accelerating the development of overseas warehouses.<sup>28</sup>

Promises of comprehensive support for the development of cross-border e-commerce including overseas expansion of Chinese enterprises were also included in the High-quality development plan for foreign trade under the Fourteenth Five-Year Plan published by Ministry of Commerce. This document particularly emphasized the support of pilot e-commerce zones along with the ecosystem of related service enterprises and foreign warehouses. The authorities' desire to steer the development of e-commerce and control the industry also resounded strongly.<sup>29</sup>

Multiple documents and programs also specify government measures, including subsidies, to support imports under the cross-border e-commerce model. However, it should be noted that usually these

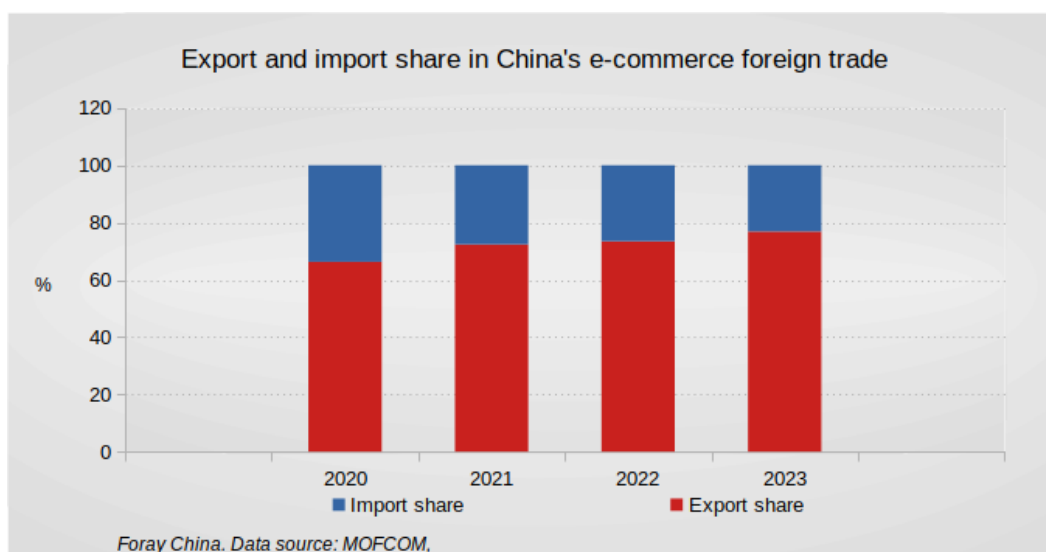
---

27 “十四五”电子商务发展规划 (E-Commerce Development Plan in the 14th Five-Year Plan), ), Ministry of Commerce, Central Cyberspace Affairs Commission, National Reform and Development Commission, <https://www.gov.cn/zhengce/zhengceku/2021-10/27/5645853/files/90b38fda32dd4e27aa6080b0bf35266d.pdf>

28 “十四五”商务发展规划, "The 14th Five-Year Plan for Business Development" "The 14th Five-Year Plan for Business Development, Ministry of Commerce, 2021.06.30, <https://www.gov.cn/zhengce/zhengceku/2021-07/09/5623804/files/edc7943dec4840208d8b1924b87b119e.pdf>

29 “十四五”对外贸易高质量发展规划 ("High-quality development plan for foreign trade under the Fourteenth Five-Year Plan), Ministry of Commerce, 2021.11.18 <https://www.gov.cn/zhengce/zhengceku/2021-11/24/5653009/files/2b503a03727a459eb49fe8e620461744.pdf>

support measures are smaller in terms of the number of programs and their value relative to those applied to the export of goods. At the same time, the need to tighten controls on the flow of goods to China is strongly emphasized. Officially approved and supported by the Chinese authorities the system of cross-border import of consumer goods into China (CBEC) in the B2C model is limited to groups of products approved by the authorities. Transactions can be made only through Chinese e-commerce platforms, that have obtained the appropriate permits. Those platforms are significant beneficiaries of this model. Their systems are integrated with customs systems. Direct sales by foreign companies to Chinese consumers, outside this officially established system, are subject to a separate legal regime, are less convenient and more costly. For other reasons access of foreign goods to Chinese market faces more challenges and barriers than Chinese enterprises face while exporting to EU market. The e-commerce exports has been growing more dynamically than e-commerce imports to China.



The growth of Chinese exports in the e-commerce is fostered not only by the state support given to export, logistics and financial services enterprises operating in this model, but also by artificially raising the competitiveness of Chinese export-oriented manufacturing enterprises. A system of subsidies, control over input prices, channeling special financing to enterprises in industries selected by party decision-makers, etc. give Chinese companies an unfair competitive advantage.

## **2.4 Selected examples of party-state support for export development in e-commerce at the local level**

In China's planned-economy system, targets set at the central level are then distributed to provinces. The goals of the plans set for the entire province are then transferred to lower-level units: counties, county cities, etc. for implementation. This is top down approach. The numbers of large scale export oriented enterprises, established e-commerce zones, warehouses established in foreign countries, are among goals that are planned to be achieved on the provincial level, and which are distributed among lower levels governments who roll out their own plans. Their plans need to cover the goals set for them by the higher level authorities. The specific amount of subsidies can be specified on the county level but very often

they are included in planned of lower level administrative units or semi administrative units such as industrial parks. The selected cases presented below show how the measures for supporting export in e-commerce are made more detailed and specific alongside the top down transmission. The specific subsidies and other supportive measures are usually detailed on the lower levels of administration: county cities, districts, special zones or industrial parks.

### **Zhejiang province Case**

**Zhejiang province level.** The province is one of the top exporters in China and one of the places, where the e-commerce model of business was adopted by the local companies including Alibaba Group. In 2021, the Zhejiang provincial government, announced a special plan to support the development of cross-border e-commerce. This plan encompassed the key areas in which support would be provided to the Chinese enterprises. Great emphasis was put on supporting local enterprises in establishing, development and promotion of their own brands in overseas markets. Zhejiang authorities encouraged promotion of Chinese brands with use of social media advertising, SEO techniques, live streaming. The authorities also encouraged local companies to acquire foreign enterprises and brands to facilitate the entry into foreign markets. The plan also highlights the importance of establishing the after-sales service system to secure the success in overseas markets. A huge role was assigned by the provincial authorities to the development of transportation infrastructure and the creation of a logistics system set up for the development of trade in the e-commerce model with a particular focus on supporting the establishment of overseas warehouses by Chinese companies. The plan at the provincial level is vague and leaves the implementation of detailed support reforms to lower-level administrations.<sup>30</sup> The provincial government has prepared a budget of Rmb200 million to support businesses under this plan.<sup>31</sup>

**Hangzhou** is the capital of Zhejiang province and home to many flourishing e-commerce companies. In 2023 Hangzhou in response to the general plan established on the provincial level local authorities released the local more detailed version of e-commerce support policies. Enterprises that have decided to open an e-commerce export channel can expect subsidies of 2 million Rmb per year. Those that want to set up their own online store can get another one time subsidy of 2 million Rmb. In support of the sector, 50 companies providing services to exporters using e-commerce model, under condition of earning revenues of more than 10 million Rmb with annual growth of more than 15%, were offered a 1 million Rmb one-time subsidy by the city. That is, up to 10 percent of the revenues those enterprises could earn. The subsidy for protecting intellectual property rights amounted up to 70% of costs with a maximum amount of Rmb 200,000. The city could subsidize up to 25% of the cost of advertising with a maximum of Rmb 500 thousand, and they also could cover up to 70% of the cost of participation in the fair. The city also subsidizes cooperation between universities and business to educate employees for e-commerce and to organize events to facilitate the internationalization

---

30 浙江省人民政府辦公廳關於印發浙江跨境電子商務高質量發展行動計劃的通知 (Notice of the General Office of the People's Government of Zhejiang Province on Publication of the Action Plan for the High-quality Development of Cross-border E-commerce in Zhejiang Province), General Office of the People's Government of Zhejiang Province, 2021.06.04, [https://www.zj.gov.cn/art/2021/6/21/art\\_1229019365\\_2305350.html](https://www.zj.gov.cn/art/2021/6/21/art_1229019365_2305350.html)

31 浙江省实现跨境电商综试区省域全覆盖 (Zhejiang Province implements full coverage of cross-border e-commerce pilot zones in the provincial area), 2021.06.04, [https://www.zj.gov.cn/art/2021/6/21/art\\_1229019365\\_2305350.html](https://www.zj.gov.cn/art/2021/6/21/art_1229019365_2305350.html)

of businesses. The subsidies also cover projects in the area of logistics, the establishment of e-commerce zones and foreign warehouses.<sup>32</sup>

**Huzhou.** Less prominent than Hangzhou county level city in Zhejiang Province also implemented the plans of e-commerce development in response to directives from the provincial government. In 2023 Huzhou authorities released their new plan to boost the e-commerce development.. They offer subsidies of up to Rmb 500 thousand to export enterprises operating in the e-commerce channel. In addition, export enterprises can obtain 50% coverage of advertising costs in overseas social media with a maximum amount to Rmb 200 thousand. The same subsidies are applied to registering intellectual property rights abroad. Even more generous subsidies are available to exporters in the e-commerce channel for participation in two foreign trade fairs or similar events, where the government can cover up to 70% of costs. The plan also includes grants for the development of e-commerce parks and foreign warehouses, presented in the relevant chapters of this report.<sup>33</sup> This new plan replaced the earlier regulations covering the support for e-commerce enterprises released in 2019<sup>34</sup> and in 2020<sup>35</sup> Released in 2019 regulation included, among other things, subsidies for the establishment of warehouses abroad. Subsidies for establishment of new warehouses ranged between Rmb 300 - 500 thousand depending on the scale of the project. In case for rented warehouses state financial support was offered in amount of up to Rmb 200 thousand annually. Authorities also offered subsidies for companies establishing and managing industry e-commerce zones, subsidies for increasing exports in e-commerce (Rmb 100 thousand for the first 2 million usd of turnover and Rmb 50 thousand for each additional 1 million usd of turnover), coverage of intellectual property rights protection costs (up to 50% and Rmb 200 thousand). In 2020 those regulations were slightly modified, e.g. by the increase in subsidies for renting overseas warehouses and additional financing of domestic warehouses facilitating transportation of goods from China to foreign markets.

### Jiangsu Province Case

**Jiangsu** is one of the China' exports powerhouses. In 2023 it rolled out the plan to support the development of high-quality e-commerce trade in years 2023-2025. The plan sets specific goals and the local government will support local enterprising in achieving those goals which include: the

---

32 杭州市人民政府办公厅关于加快推进跨境电子商务高质量发展的实施意见 (General Office of Hangzhou Municipal People's Government Implementation of the Opinions on Accelerating the High-Quality Development of Cross-Border E-Commerce), 杭州市人民政府办公厅 [https://www.hangzhou.gov.cn/art/2023/2/3/art\\_1229063382\\_1829268.html](https://www.hangzhou.gov.cn/art/2023/2/3/art_1229063382_1829268.html)

33 湖州市人民政府办公室关于印发湖州市支持电子商务高质量发展若干政策的通知 (Huzhou Municipal People's Government Office Notice on the Publication of Huzhou City Policies to Support the High-quality Development of E-commerce [https://www.huzhou.gov.cn/art/2023/12/7/art\\_1229728390\\_59065116.html](https://www.huzhou.gov.cn/art/2023/12/7/art_1229728390_59065116.html)

34 湖州市人民政府办公室关于印发湖州市促进电子商务加快发展新十条扶持政策的通知 (Huzhou Municipal People's Government Office Notice on the Publication of Huzhou City New Ten Supportive Policies to Promote the Accelerated Development of E-commerce), Office of the People's Government of Huzhou City, 2019.08.02 <https://huzhou.gov.cn/hzgov/front/s25/xxgk/zcwj/szfwj/hzbf/20191101/i2538002.html>

35 湖州市人民政府关于印发湖州市促进贸易新业态新模式发展若干政策的通知 (Huzhou Municipal People's Government Notice on the Publication of Huzhou City Policy to Promote the Development of New Trade Patterns of New Business Formats and Models, Office of the People's Government of Huzhou City, 2020.12.25, <https://huzhou.gov.cn/hzgov/front/s1/xxgk/gfxwj/gfxwj/20210107/i2873324.html>

establishment of 120 production parks for e-commerce commerce, the achievement by at least 600 companies of high competitiveness in overseas markets, the creation of at least 100 brands with strong positions in international markets, and the establishment by Jiangsu companies of at least 100 overseas warehouses. This plan replaces a similar plan announced by the provincial government in 2021, which supported the development of e-commerce export at the era of its dynamic growth after covid outbreak.

**Suzhou Industrial Park is located in the second largest city in Jiangsu province.** To support dynamically developing e-commerce enterprises of significant size (at least 100 million Rmb) that met the additional conditions, in years 2021-2024 industrial park authorities offered a subsidy equal to 10% of the investment value with total subsidy amount up to 5 million Rmb. In addition, investors could be granted a subsidy of 50% of office space rents, not exceeding 1 million Rmb per year (up to 3 years). Smaller companies could count on subsidies for investments of up to 2 million Rmb. Small and medium-sized enterprises, once they reached turnover (import/export) of 1 million usd, could get subsidies of 100 thousand, Rmb. For each additional 1 million usd, 50 thousand, Rmb., annually, not more than 500 thousand. In addition, exporters could count on subsidies for an online store set up (up to 300,000 Rmb), foreign promotion including participation in trade fairs (up to 300,000), for being awarded the title of famous export enterprise (200 000 Rmb) and many other forms of subsidies and incentives.<sup>36</sup>

**Qidong.** Small county level city in Jiangsu province that is administrated by higher level Nantong City. E-commerce enterprises, whose transaction value exceeds 1 million usd can receive 50 thousand Rmb, subsidies. For any next milion another 50 thousand Rmb but the total amount of subsidies cannot exceed 1 million Rmb. Platforms that provide comprehensive logistics, financial, customs, insurance services to at least 30 e-commerce enterprises and have revenue of Rmb 5 million can expect subsidies of 10% of revenue, up to a maximum of r mb 1 million. A limited group of e-commerce enterprises (10) can apply for grants to cover up to 70% of costs (up to 100 000 Rmb) related to cross-border e-commerce operations, provided they achieve a turnover of 1 million Rmb. For the protection of registration of intellectual property rights such as patents and trademarks, the city government offers export companies to cover half of the costs (up to Rmb 300 000). If the protection rights cover the export of local products then the subsidy amount can be up to 90% (maximum 200 thousand yuan). There are also available subsidies for participation in foreign fairs for 2 people in 6 events per year. In the case of events held in Europe, the reimbursement is 8000 Rmb / person.<sup>37</sup>

---

36 支持跨境电子商务跨越式发展引导资金实施细则 (Rules for Implementing the Channeling of Funds to Support Cross-border E-commerce Leapfrog Development), Suzhou Industrial Park Management Committee, 2021.04.25, <https://sme.sipac.gov.cn/epservice/techsub/Apps/psp/index.php?s=/PolicySearch/policydetail/id/110779>

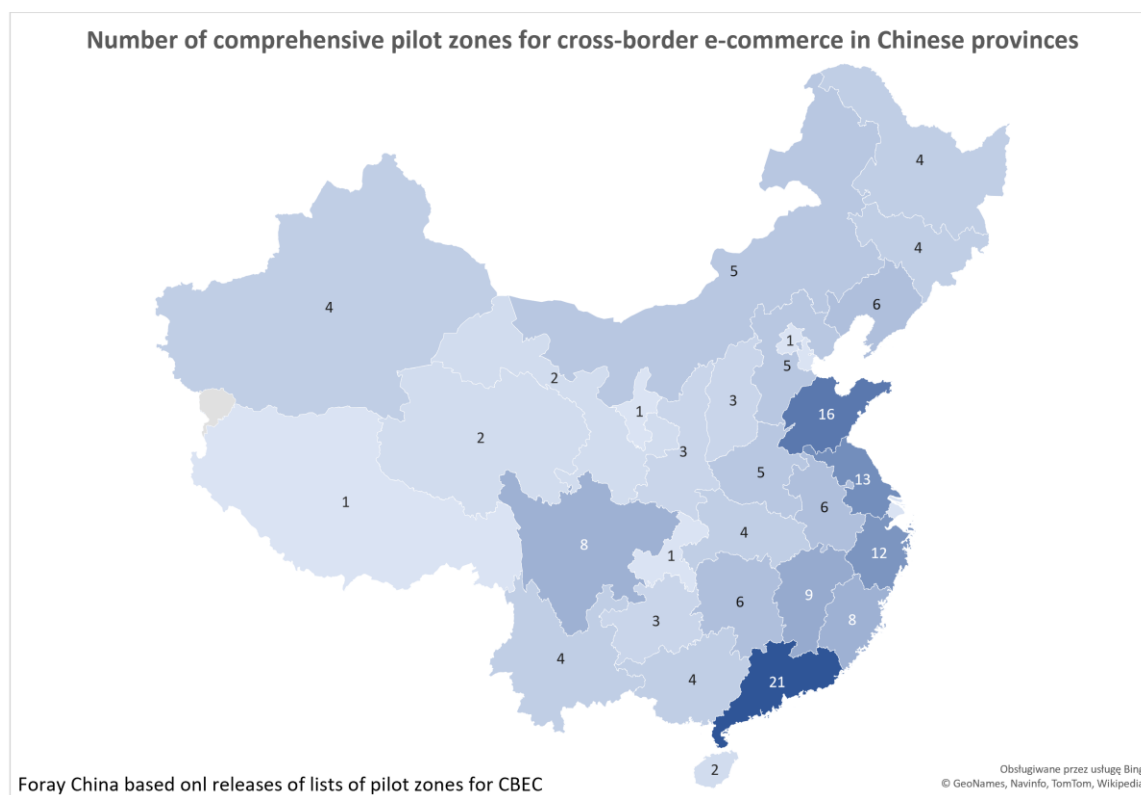
37 Municipal Government Office on the Publication of Circular concerning the Opinions on the Policies to Support the Smooth Development of Foreign Economic and Trade Enterprises, Qidong Municipal People's Government Office



### 3. Development of cross border e-commerce pilot zones

#### 3.1 Characteristics of cross border e-commerce pilot zones

One of the basic elements of party-state support for e-commerce companies is the pilot zones for cross-border trade in the e-commerce model set up by local authorities. First zone was established in 2015 Hangzhou, the capital of Zhejiang and home to first wave of the Chinese e-commerce enterprises.<sup>38</sup> Their number has grown dynamically in recent years due to government policies aimed at boosting export dynamics. In May 2020 alone, following an earlier decision by the CCP leadership to give special support to exports in the e-commerce channel, Chinese authorities established 46 more zones to a total of 105. In February 2022, the number was increased to 132, and by the end of 2022, approval for operation had been granted for 165 zones. The map below illustrates the distribution of zones across Chinese provinces:



Pilot zones for cross-border trade in the e-commerce model are part of an ecosystem in which Chinese authorities have created favorable customs, foreign exchange, taxation, logistics solutions and are providing financial support to encourage enterprises to engage in import and export through the e-commerce model. Under the umbrella of the zones' solutions, there are industrial parks organized and supported by the party-state apparatus, bringing together enterprises oriented to produce and sell goods

38 国务院关于同意设立中国（杭州）跨境电子商务综合试验区的批复, (Approval of the State Council on the Establishment of China (Hangzhou) Comprehensive Pilot Zone for Cross-border E-commerce E-commerce Comprehensive Pilot Zone, State Council, 2015.03.07 [https://www.gov.cn/zhengce/content/2015-03/12/content\\_9522.htm](https://www.gov.cn/zhengce/content/2015-03/12/content_9522.htm)

and services overseas in the e-commerce model. There are 386 entities in Qianzhan's database that are classified as this type of park. Among them, 206 have more than 10 registered enterprises. In total, nearly 60 thousand Chinese e-commerce companies are registered in these parks. Nearly 14,000 of that number are located in Zhejiang province, one of the key provinces for Chinese exports. The zones are intended to facilitate both imports and exports. However, tax preferences and subsidies primarily support export-oriented companies.

### 3.2 Tax breaks

Tax concessions are an important factor in encouraging companies to undertake the activities desired by the state. In order to encourage individual companies to set up or relocate within the pilot cross border e-commerce zone, the Chinese authorities offer tax concessions, of which the VAT and CIT concessions are particularly attractive.

Small-sized enterprises that conduct retail exports (in the B2C model) through dedicated platforms and meet certain conditions regarding registration in the export VAT refund system, etc, are exempt from VAT and consumption tax.<sup>39</sup> Companies registered in the zones can also take advantage of this preferential rate, even if they do not have VAT invoices.<sup>40</sup> This makes it easier for such exporters to source goods from, among others, suppliers and subcontractors who are not VAT taxpayers, which in practice means they can purchase goods at much lower prices.

A special CIT rate of just 4%, instead of the standard 25%, has also been introduced for companies that make retail export sales through dedicated platforms. The regulations rolled out in 2019 entered in force in 2020<sup>41</sup> This support measure allows business owners to retain far more share of after tax income than other enterprises in China but also than enterprises in other countries. They can operate on lower margins and become more competitive than companies from the countries with higher CIT rates imposed on e-commerce export enterprises.

---

39 关于跨境电子商务综合试验区零售出口货物税收政策的通知 (Notice on Taxation Policies for Retail Exports of Goods in Comprehensive Pilot Zones for Cross-border E-commerce), Ministry of Finance, State Tax Administration, Ministry of Commerce, General Administration of Customs, 2018,09.28

40 关于跨境电子商务综合试验区零售出口货物税收政策的通知 (Circular on Taxation Policies for Retail Exports of Goods in Comprehensive Pilot Zones for Cross-border E-commerce), Jointly issued by Ministry of Finance, State Tax Administration, Ministry of Commerce andmall-sized enterprises that conduct retail exports (in the B2C model) through dedicated platforms and meet certain conditions regarding registration in the export VAT refund system, etc, are exempt from VAT and consumption tax [https://www.gov.cn/zhengce/zhengceku/2019-10/17/content\\_5441297.htm](https://www.gov.cn/zhengce/zhengceku/2019-10/17/content_5441297.htm)

41 关于跨境电子商务综合试验区零售出口企业所得税核定征收有关问题的公告 (Communique on Issues Relating to the Approved Collection of Enterprise Income Tax for Retail Exports in Comprehensive Pilot Zones for Cross-border E-commerce), State Taxation Administration, 2019.20.26, [https://www.gov.cn/zhengce/zhengceku/2019-11/19/content\\_5462399.htm](https://www.gov.cn/zhengce/zhengceku/2019-11/19/content_5462399.htm)

### 3.3. State support for infrastructure development

In addition to special tax breaks, companies located in the zones are provided with logistics infrastructure specially prepared for the needs of trade in the e-commerce model, which is also partially subsidized from local government budgets.

Zhuhai Municipality in Guangdong province has announced financial assistance of up to 30 per cent of the investment costs for a special cross-border e-commerce demonstration base. The maximum announced value of the subsidy could be around Rmb 100 million. An additional one time subsidy of Rmb 100 thousand per company that moves into the park can be granted to park authority with maximum amount of Rmb 5 million. Zhuhai authorities also intend to support innovative forms of e-commerce offer subsidies of up to 3 million Rmb for the establishment of a multi-functional live e-commerce base<sup>42</sup>

For cross-border e-commerce industrial parks with a built-up area of more than 10,000 square meters, providing public service platform in the park, integration of brand marketing, intelligent logistics, international payment, property rights protection, training and incubation, which attracted more than 20 enterprises with cross-border transaction volume of more than US\$1 million (of which more than 10 are more exceed US\$5 million turnover and more than 3 are more than US\$10 million) with the total number of registered enterprises higher than 30 business teams authorities of Jiaxing city offer financial support of 2 million yuan to the park investor.<sup>43</sup>

### 3.4. Subsidies and other forms of financial support

In order to provide additional support to regionally based e-commerce businesses, local authorities at various levels of government are trying to encourage entrepreneurs running platforms offering integrated services for cross border e-commerce to move them to their localities. The presence of such platforms makes it easier for local exporters to enter foreign markets. For example Chengdu city government offers a one-time subsidy of Rmb 3 million to export-oriented platforms whose global GMV exceeds usd 10 billion and which simultaneously achieve annual exports from China of more than Rmb 1 billion, and which choose to locate their headquarters in Chengdu. Export oriented companies with annual revenue of Rmb 2 billion and exporting goods in e-commerce channel worth Rmb100 million per year can also count on 3 mln Rmb subsidies.<sup>44</sup>

---

42 珠海横琴将出新政扶持跨境电商 (Zhuhai Hengqin to support cross-border e-commerce with new policy), People's Government of Guangdong Province, 2024.04.12, [https://www.gd.gov.cn/gdywdt/dsdt/content/post\\_4405736.html](https://www.gd.gov.cn/gdywdt/dsdt/content/post_4405736.html)

43 嘉兴市人民政府办公室印发关于促进中国（嘉兴）跨境电子商务综合试验区发展若干政策的通知 (Jiaxing Municipal People's Government Office Notice on Policies for Promoting the Development of China (Jiaxing) Comprehensive Pilot Zone for Cross-border E-commerce), Jiaxing Municipal People's Government Office, 2020.07.27, [https://www.jiaxing.gov.cn/art/2020/7/31/art\\_1229426374\\_2185444.html](https://www.jiaxing.gov.cn/art/2020/7/31/art_1229426374_2185444.html)

44 关于印发《成都市推动跨境电商高质量发展政策措施实施细则》的通知 (Notice on the Issuance of the Implementing Rules of the Policies and Measures for Promoting the High-Quality Development of Cross-Border E-commerce in Chengdu City, 2023.08.14, Chengdu Bureau of Commerce.

In order to encourage local companies in the SME segment, especially those located in the special zones (cross border e-commerce zones, free trade zones etc.), to increase the value of their exports, the local authorities often offer subsidies for reaching certain export thresholds. Thus, for example, companies located in pilot cross border e-commerce zone in Yingkou in Liaoning province can count on 50 000 Rmb financial award for reaching export value of 200 – 500 000 usd and 100 000 Rmb for breaking the threshold of 1 mln usd export value.<sup>45</sup>

E-commerce businesses, particularly and to a greater extent those located in the zones, could also count on support from the party-state apparatus in the form of preferential terms for foreign investment insurance and export credits provided by the state-controlled Sinosure. Other forms of support included subsidies for e-commerce companies to hire industry experts and graduates, training, or concessions and exemptions from having to pay social security benefits. Some forms of support are extended for up to three years.

## 4. State support for the development of domestic and overseas logistics infrastructure

### 4.1 Areas of support

Chinese e-commerce companies use a wide range of logistics solutions to get their products to overseas customers. Depending on the type of product, deliveries in the B2B model are carried out by air, rail or sea by freight forwarders, similarly to exports in the traditional model.

In the B2C model, integrated logistics solutions play a much greater role. EO Intelligence research provide an insight into the logistics preferences of the Chinese exporters operating in B2C model.



45 辽自营委发【2023】4号（营口片区跨境电商产业扶持政策 (Liaoning Pilot Free Trade zone Commission Fa [2023] No. 4 (Cross-border E-commerce Industry Support Policies in Yingkou Area), Liaoning Yingkou Pilot Free Trade Zone Commission, 2023.03.23, <http://ftz.yingkou.gov.cn/govxxgk/zmq/2023-03-23/14bac876-6691-4c40-9cee-ddd7d8bb2192.html>)

Their application allows for quick delivery of shipments directly to the customer or to overseas warehouses located in the target markets. Delivery from these warehouses takes customer not more time than purchase from suppliers in local markets, bringing Chinese sellers closer to customer and levelling the gap between Chinese and domestic sellers.

Supporting the development of logistics services used for export in the e-commerce model occupies a very important position in China's e-commerce support policy. The Chinese authorities primarily seek to support the development of those types of services that are most under the control of Chinese companies. Thanks to the support of the party-state apparatus, overseas export warehouses play a very important role in B2C e-commerce exports. Postal shipments by China post and shipments by overseas companies of Chinese courier companies are also of great importance. Significant resources are also being allocated by the authorities to support rail transport, which also serves to increase e-commerce export releases.

## **4.2 Freight and other transportation subsidies**

Important support for the expansion of Chinese e-commerce has been provided by the Chinese authorities in form of subsidies for rail transportation to Europe. The number of rail depots dedicated to transporting goods exported through this channel has grown rapidly in recent years. Rail is one of mode of transportation used for shipment goods sold by Chinese exporters to European customers in e-commerce channel. Thanks to the subsidies, shipping costs were kept relatively low, supporting the flow of Chinese goods to Europe .

The officially reported annual subsidies of Chongqing, one of the key hubs on the rail route to Europe, to shipping costs amounted to about Rmb 800 million in recent years. On top of that, subsidies for logistics parks set up for rail transportation amounted to Rmb 5 billion in 2019-2021. Jiangsu Province subsidized rail transportation to Europe to the tune of Rmb 160 million per year.<sup>46</sup> This amount includes direct support and does not include special tax breaks for transport enterprises. Actual support is therefore much higher. Researchers at Central South University report that authorities in Wuhan, Changsha, Xi'an were subsidizing each container shipped to Europe by between 2,500 and 3,500 usd.<sup>47</sup> According to various estimates, local governments after 2018 have subsidized between 10-50% of transportation costs depending on the fluctuations in market prices.

---

46 中欧班列十年开行7.7万列，新挑战下地方补贴还需要吗? China-European Rail Runs 77,000 Trains in Ten Years. Are Local Subsidies Still Needed to Meet new challenges? Yicai, 2023.09.19, <https://m.yicai.com/news/101862069.html>

47 冯芬玲，刘洋; 考虑货物时间价值的中欧班列差异化补贴经济性分析 (FENG Fenling , LIU Yang, Economic Analysis of Differentiated Subsidy for China-Europe Railway Express Considering Freight Time Value, Railway Transport and Economy, 2022, 44(6): 1-7.

Another important element of party-state export support for e-commerce are subsidies and other financial support for e-commerce shipments handled by courier companies or made as postal deliveries. This type of support mainly improves the competitive position of Chinese enterprises selling goods to foreign customers in a B2C model. Several examples below illustrate the different form of the support implemented by local authorities.

For cross-border e-commerce enterprises located in Jiaxing pilot CBEC zone, that have exported goods of more than 2 million Rmb in B2C model, Jiaxing government offers financial support of up to 2 Rmb per parcel. The maximum amount of subsidy is up to 300,000 Rmb.<sup>48</sup> For cross-border e-commerce businesses with transactions value (import or export) above 10 mln Rmb that utilize the logistics and distribution system in Zhengzhou, whose annual international logistics costs are above 2 million Rmb Zhengzhou authorities offer 10% subsidy on international logistics costs (including cost of sending post parcel). Maximum amount of subsidy is 2 million Rmb.<sup>49</sup> Government of smaller county level Xiangyang city in Hubei province supports enterprises who use international services provided by courier delivery companies used mainly for export in B2C models. For businesses whose annual export volume of cross-border e-commerce reaches only more than 1 million Rmb, exclusively for parcels shipped from Xiangyang through EMS, postal parcels and other international commercial courier logistics, authorities offer subsidies at 20% of the logistics cost, 500,000 Rmb.<sup>50</sup>

### **4.3 Support for development of the overseas warehouses network**

A key element of the logistics infrastructure being developed for the e-commerce sector with the party state support is the network of warehouses and extensive logistics centers being set up by Chinese companies in the markets they are expanding into. Thanks to them, Chinese exporters significantly shorten the delivery time to the foreign customer. Delivery of ordered goods to a Polish customer from a warehouse in Poland or another EU country is much faster compared to orders shipped from China. Having such warehouses makes it easier for Chinese companies and European consumers to complete customs formalities and pay the associated customs and tax duties.

Subsidies are one of the primary means of party-state support for Chinese enterprises to set up overseas warehouses provided by local authorities. The amount of the offered subsidies and the scope of support vary between the regions. The list below presents only some examples of the local authorities subsidizing the expansion of Chinese e-commerce enterprises abroad.

- 
- 48 嘉兴市人民政府办公室印发关于促进中国（嘉兴）跨境电子商务综合试验区发展若干政策的通知 (Jiaxing Municipal People's Government Office Notice on Policies for Promoting the Development of China (Jiaxing) Comprehensive Pilot Zone for Cross-border E-commerce), Jiaxing Municipal People's Government Office, 2020.07.27, [https://www.jiaxing.gov.cn/art/2020/7/31/art\\_1229426374\\_2185444.html](https://www.jiaxing.gov.cn/art/2020/7/31/art_1229426374_2185444.html)
- 49 郑州市加快推进跨境电商发展的若干措施 (Measures to Accelerate the Development of Cross-border E-commerce in Zhengzhou City), Zhengzhou Municipal People's Government, 2023.12.15, <https://public.zhengzhou.gov.cn/D0102X/8087821.jhtml>
- 50 襄阳市人民政府办公室关于促进跨境电商突破性发展的实施意见 (Xiangyang Municipal People's Government Office on the Implementation Opinions on Promoting Breakthrough Development of Cross-border E-commerce), 2021.12.30, [https://www.hubei.gov.cn/zhuant/2020/hqskwcc/xys/czcc/202203/t20220328\\_4058238.shtml](https://www.hubei.gov.cn/zhuant/2020/hqskwcc/xys/czcc/202203/t20220328_4058238.shtml)

**Harbin**, the capital of north-east Heilongjiang province offers subsidies equal to 50 percent of the expenses incurred for investments in setting up and equipping a warehouse to enterprises with a turnover of more than Rmb 5 million that establish overseas warehouses. The subsidy amount for each warehouse with a minimum area of 2,000 square meters is a maximum of Rmb 3 million for at most three newly established warehouses. For already operating warehouses with a turnover of more than Rmb 20 million, Harbin is offering subsidies of 50% of rent, with an annual subsidy limit Rmb 2 million/warehouse, and for no more than three warehouses. Subsidy is granted if annual turnover increases by 10%.<sup>51</sup>

**Zhengzhou** city, the capital of Henan province located in central China, offered subsidies of up to Rmb 3 million for each foreign warehouse. Zhengzhou is an important rail hub on the routes from China to Europe.<sup>52</sup>

**Xiamen**, the largest city in coastal Fujian province and one of the leading global container sea ports, offered subsidies of up to Rmb 2 million for newly established foreign warehouses, whether owned or leased, provided it was intended to serve several Chinese companies.<sup>53</sup>

**Xianyang**, county level city in Hubei. Enterprises building or leasing public overseas warehouses with an area of more than 500 square meters, serving three or more cross-border e-commerce business can count on one-time subsidy amounting up to 20% of the annual rent or construction investment, with a maximum of 1 million Rmb.<sup>54</sup>

**Beijing**. The capital city also subsidized the establishment of overseas warehouses in amount of up to 1 mln Rmb. The same incentives city offered for launching and running other types of warehousing facilities supporting export such as postal warehouses, export consolidations centers etc.<sup>55</sup>

**Kaifeng**, the county level city in Henan, subsidized foreign warehouse set up with Rmb 500 thousand.<sup>56</sup> Enterprises, who are awarded the title of model overseas warehouse entity can receive special subsidy in amount of 5 mln Rmb.<sup>57</sup>

---

51 哈尔滨市人民政府关于印发哈尔滨市支持对外贸易发展的若干政策的通知 (Harbin Municipal People's Government Notice on Harbin City Policies Supporting the Development of Foreign Trade), Harbin Municipal People's Government, 2023.02.20, [https://www.harbin.gov.cn/haerbin/c104531/202302/c01\\_73228.shtml](https://www.harbin.gov.cn/haerbin/c104531/202302/c01_73228.shtml)

52 郑州市人民政府关于加快推进跨境电子商务发展的实施意见 (Zhengzhou Municipal People's Government Implementation of Opinions on Accelerating the Development of Cross-border E-commerce), 2018.01.10, <http://wjbb.sft.henan.gov.cn/upload/HNAC/2018/01/26/20180126163302296.pdf>

53 厦门市关于促进外贸发展若干措施操作细则 Xiamen Operational Rules on Several Measures to Promote Foreign Trade Development China SME Network, 201.04.02, <http://www.sme.net.cn/jmzs/tbts/show.asp?id=4891&topic=1>

54 襄阳市人民政府办公室关于促进跨境电商突破性发展的实施意见 (Xiangyang Municipal People's Government Office Implementation of Opinions on Promoting Breakthrough Development of Cross-border E-commerce)

55 关于发布2023年支持跨境电子商务发展项目申报指南的通知 (Notice on the Release of Declaration Guidelines for Projects Supporting the Development of Cross-border E-commerce in 2023), Beijing Municipal Commerce Bureau, 2023.08.09, [https://sw.beijing.gov.cn/zwx/zcfg/gfxwj/202308/t20230809\\_3219196.html](https://sw.beijing.gov.cn/zwx/zcfg/gfxwj/202308/t20230809_3219196.html)

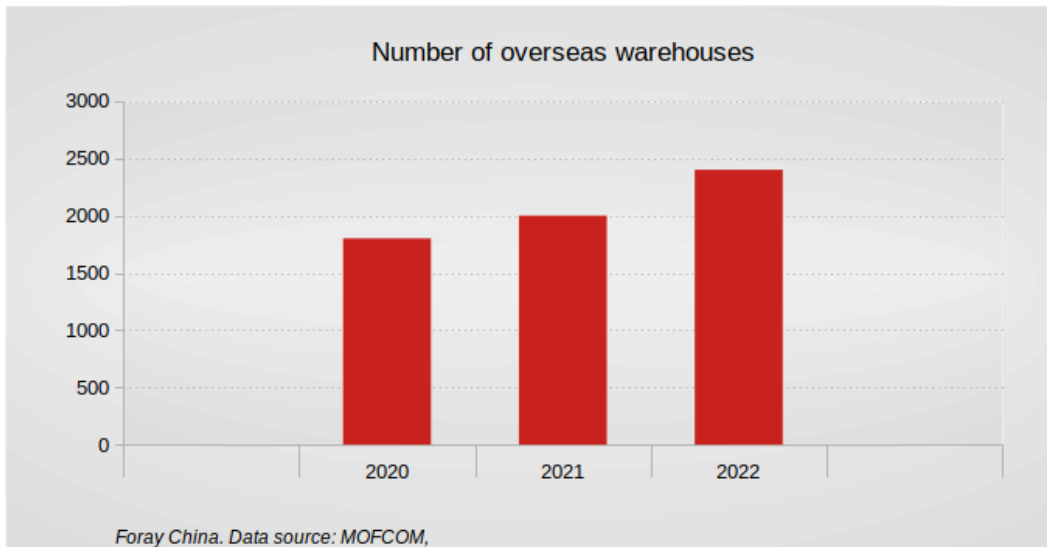
56 跨境电商助力豫企“买全球 卖全球”, (Cross-border e-commerce to help Henan enterprises "buy global sell global"), Department of Commerce of Henan Province, 2022.08.08, <https://hnsswt.henan.gov.cn/2022/08-19/2564368.html>,

57 开封市促进市场主体高质量发展若干政策 (Kaifeng City Policies to Promote the High-quality Development of Market Participants, 2023.06.15 <https://lshwzcbj.kaifeng.gov.cn/static/upload/file/20231204/1701652985189749.pdf>

**Nanjing Jiangbei New Area.** The Jiangbei district is located in capital city of Jiangsu province, which is one of the China's export powerhouses. Authorities offer subsidies up to 30% of annual rent with maximum amount of 500 000 Rmb for leasing overseas warehouses under the condition, that warehouse area is more than 1,000 square meters, warehouse was already used for one year and an import and export amount was at least 50 million U.S. dollars in the previous year.<sup>58</sup>

**Shantou** in Guangdong province, the leading toys and underwear manufacturing base in China offered subsidies of up to half the cost of setting up a warehouse and no more than Rmb 200 thousand.

With party state system support the network of overseas warehouses grew dynamically. Within two years the total number jumped from around 1800 in 2020 to 2400 in 2022.<sup>59</sup>



In just two years (between 2020 and 2022), the number of foreign warehouses established by Chinese companies in Germany rose from 145 to 293, in the UK from 179 to 291, according to ECCANG data. These two countries rank second and third in the world after the United States (1178 warehouses) The number of such warehouses in Spain, France, Italy, which are also in top ten, also grew dynamically,

58 关于促进江北新区跨境电子商务产业生态构建的若干政策（试行）(Policies on Promoting the Construction of Cross-border E-commerce Industry Ecosystem in Jiangbei New Area (Trial Implementation), Nanjing Jiangbei New Area Management Committee, 2021.01.05,

[https://njna.nanjing.gov.cn/jbxqxzgfxwj/gwhxzgfxwj/2021n/202211/t20221130\\_3769671.html](https://njna.nanjing.gov.cn/jbxqxzgfxwj/gwhxzgfxwj/2021n/202211/t20221130_3769671.html) The document on the website is undated. The date of release has been published can be found here: 江北新区管委会行政规范性文件保留目录, Archived List of Normative Documents issued by Jiangbei New Area Administrative Committee, 2021.11.16, [https://njna.nanjing.gov.cn/njsjbxqglwyh/202111/t20211116\\_3196633.html](https://njna.nanjing.gov.cn/njsjbxqglwyh/202111/t20211116_3196633.html)

59 中国电子商务报告 2020, China E-commerce Report 2020), Ministry of Commerce, E-commerce and Informatization Department, 2021.09.15; <http://images.mofcom.gov.cn/dzsws/202110/20211022182630164.pdf> ; 中国电子商务报告 2021, China E-commerce Report 2021), Ministry of Commerce, 2022.11.16, <http://images.mofcom.gov.cn/dzsws/202211/20221118180137127.pdf> ; 中国电子商务报告 2022, China E-commerce Report 2022), Ministry of Commerce, 2023.06.09, <http://images.mofcom.gov.cn/dzsws/202306/20230609104929992.pdf>



reaching 68, 61 and 48, respectively. These data probably do not reflect the full picture and the number of such warehouses is higher.<sup>60</sup>

---

60 2023海外仓蓝皮书》电子报告发布！全面数据，真实调研，供需两端的正面碰撞 (2023 Overseas Warehouse Blue Book" E-report Released! Comprehensive data, real research, head-on collision of supply and demand), EECANG 2023.09.20, <https://www.eccang.com/news/2876>