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Delivering Services Innovations to Drive Post-Pandemic Growth

By Li Fangfang

t the entrance of the China International Fair for Trade in Services (CIFTIS) exhibition hall in Beijing, machines powered by artificial intelligence (AI) measured visitors' temperature. Guide robots took them wherever they wanted to go, and robotic servants made fancy coffee. These remarkable

assistants were the superstars at the fair not only because of their sci-fi concept but also because of the real services they offered

Beyond robots, advanced technology ensured the smooth integration of online and offline events to bring CIFTIS to audiences worldwide. More than 20,000 companies and organizations, and 190,000 people from 148 countries and regions registered for the fair with exhibitors from abroad mainly participating through cloud services.

The fair was fully digitalized due to the COVID-19 pandemic. Even after the offline fair ended on September 9, the online version will remain open for a whole year.

To support intensive live-streaming conferences for the six days of the offline fair, plus nearly 7,000 virtual exhibition demonstrations and online chatrooms for private negotiations, JD Cloud & AI, the technological arm of e-commerce giant JD.com, created a comprehensive digital platform.

"Exhibition, forums and business negotiations were the three main scenarios where we digitized the fair," JD.com's Vice President Wang Peinuan said. Al, big data, cloud computing and the Internet of Things were used to create the platform.

Service Trade in 2019 Average annual growth rate Services as a Percentage of global trade part of global of jobs from economic output services Since 2005 More than In goods In services Developing Developed countries U.S. service trade exports and imports China's service trade exports and imports \$846.7 \$214.6 \$494.1 \$249.2 Deficit Surplus bln bln bln \$279.5 \$597.5 bln bln **Exports** Imports

(Sources: World Trade Report 2019: The Future of Services Trade published by WTO, Chinese Ministry of Commerce; designed by Pamela Tobey)

Sci-fi touch

Security was a prime consideration. In the chatrooms, the exhibitors could set the duration for their message to show. When it ended, the messages were automatically deleted. If anyone took screenshots of messages, they could be tracked.

An important element of CIFTIS was the demonstration of extensive industrial application of hi-tech services. The mini logistics center at the fair was another sci-fi-meets-real-world scenario. At the center, mechanical arms sorted items with the help of cameras, while robotic vehicles transported them to different destinations, guided by QR codes.

The logistics center was the brainchild of Megvii, a company providing Al solutions



A traditional Chinese medicine robot checks a visitor's pulse at the China International Fair for Trade in Services in Beijing on September 7

and products. After social distancing measures were implemented worldwide following COVID-19, robots have become a welcome business.

"We helped a world-leading fashion company build an automatic logistics center in Shanghai in April," Cheng Changshun, Vice President of Megvii, said. The Shanghai logistics center will have 800 smart vehicles.

In his eyes, China still lags in automatic manufacturing and logistics, and Megvii's products will help improve industrial digitization in the country. It is not the first smart logistics center in the world, but its relatively low costs can be a significant competitive edge.

The fashion company is known for its exacting requirements. "That's why we want to cooperate with them," Cheng said. Megvii also has overseas clients such as those from Singapore and Thailand.

"We help clients from overseas lower production cost and realize automation and digitization of logistics," Cheng said.

Megvii was also the main supplier of the Al temperature check equipment for the fair. Portable with a small camera on a tripod, the machine can run a maximum of 15 checks per second

Dry-mist robots from another Chinese company, Iben Robot, are serving hospitals in Wuhan in the central province of Hubei, Shanghai and Beijing, where frequent sanitizing is needed.

With safety of medical workers one of the main concerns during the pandemic, the domestically developed robot is a nifty tool that can issue a super dry mist of disinfectant to disinfect areas at high speed. The robots have automatic navigation, can disinfect the target place 360 degrees and

can be activated by iPad control.

Iben Robot's sales manager Liu Yunfei told *Beijing Review* that it took them three weeks to get the machines ready for use in February.

E-commerce achievements

During COVID-19, one sector that has maintained rapid development is e-commerce. Li Mingtao, an e-commerce expert with China International E-commerce Center affiliated to the Ministry of Commerce, drew attention to the delivery of medical supplies around the world through crossborder e-commerce. "It played a key role in the global anti-COVID-19 effort," Liu said at the CIFTIS Cross-Border E-Commerce Forum on September 6.

Amazon and eBay both saw massive sales increases in the first half of this year. The Alibaba Group's revenue grew 34% year on year in the second quarter.

"We mobilized our entire digital infrastructure to support the recovery of businesses across a wide range of sectors, while broadening and diversifying our consumer base by addressing their changing preferences in a post-COVID-19 environment," Daniel Zhang, Chairman and CEO of Alibaba, said.

"Taobao.com (Alibaba's consumer-to-consumer platform) grew rapidly in 2003 when the severe acute respiratory syndrome broke out, as well as other Chinese e-commerce companies including JD.com," said Sun Jianwei, Chairman of the Micang Supply Chain Group, a Shenzhenbased freight forwarder. "The COVID-19 pandemic is changing people's consuming habits, which will boost the development of e-commerce."

However, cross-border e-commerce faces some uncertainties due to some politically driven restrictions, Sun said.

"We should promote consistency of legal frameworks and policies among countries to form consensus to beef up market confidence," Chai Yueting, a professor at Tsinghua University, said at the ecommerce forum

Chai mentioned the significance of digital logistics platforms. "The epidemic has little adverse impact on e-commerce, especially cross-border e-commerce, to a large extent because our logistics are not disrupted," he said.

For greater cross-border e-commerce, he advocated reducing logistics costs and improving efficiency. Also, many logistics platforms are still regional and have not yet achieved global interconnection. They need to buck up.

The service industry has become an important pillar of the world economy. Two-thirds of the employment in developing countries and four-fifths in developed countries come from services.

Last year, China became the world's second-largest importer of services. In the first half of 2020, the added value of China's service industry accounted for 56.5% of GDP.

Unlike the trade surplus in goods, China faced a deficit in the trade in services for years. However, changes have begun to take place since 2019, according to Liu Chunsheng, a professor at the Central University of Finance and Economics in Beijing.

Liu said the total import and export volume in 2019 increased 2.8% year on year, while the deficit decreased 10.5%. The exports of financial and insurance services increased steadily.

In 2020, the growth of knowledgeintensive service trade, as represented by computer information services, has given new impetus to global economic recovery, Vice Minister of Commerce Wang Bingnan said on September 5.

Next, China will move faster to open up the healthcare, culture, education and telecommunications

sectors, and introduce a negative list of off-limits items for cross-border trade in services, he added.



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