

New Logistics Driven by Digitalization

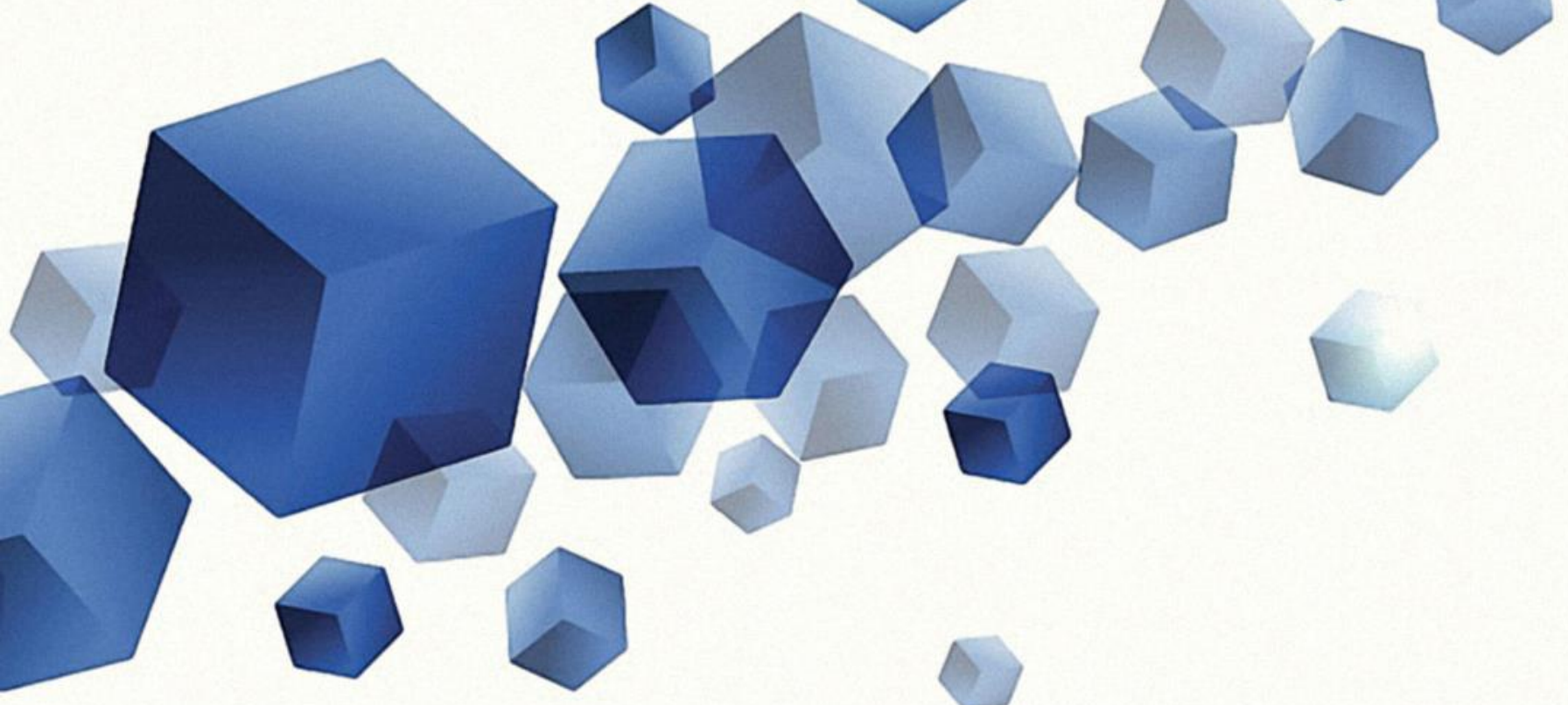
Zhang Jianwei

21 November 2018 | Hong Kong

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01

ICC China Commission on Customs and Trade Facilitation

ICC China Commission on Customs and Trade Facilitation

WHO WE ARE



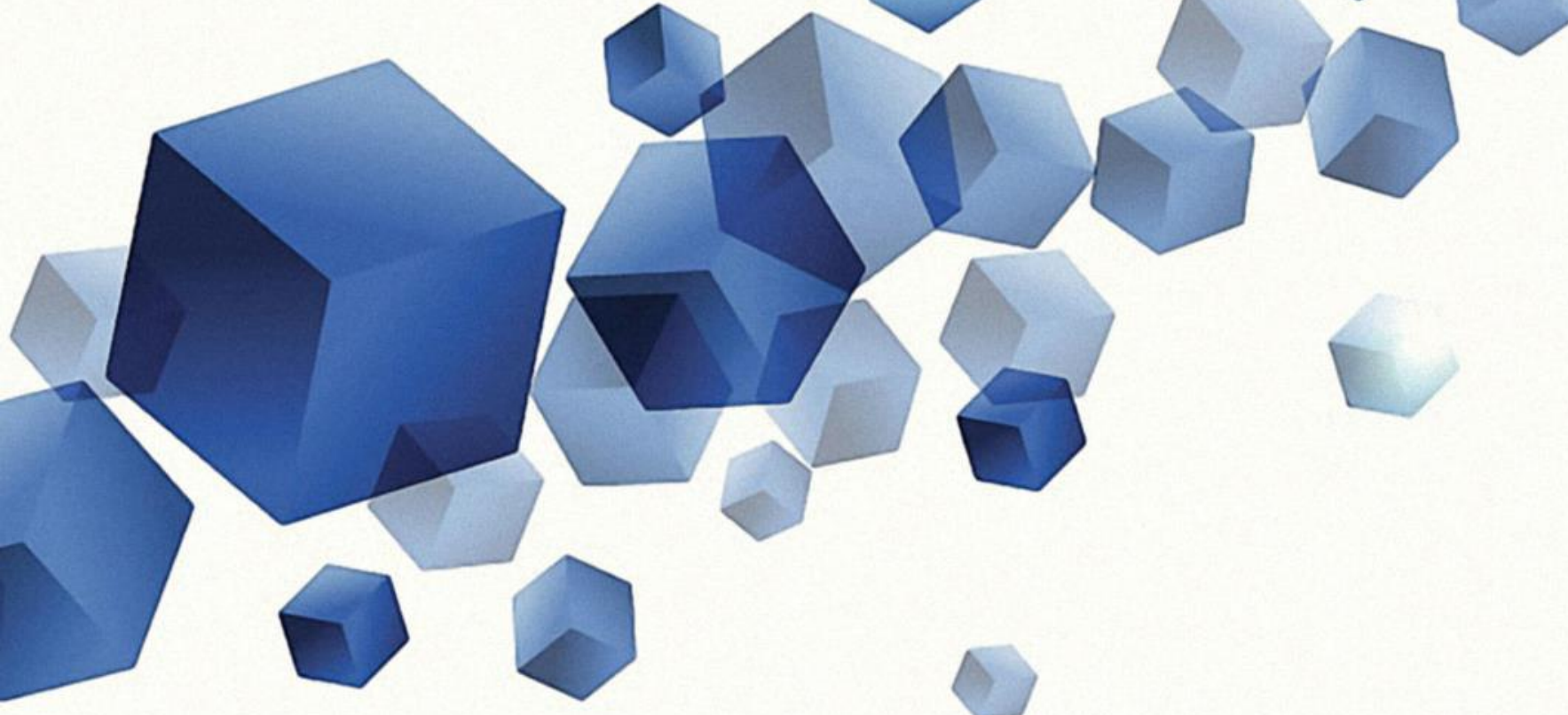
- **China Chamber of International Commerce (CCOIC).** Established in 1988, approved by the State Council, and is affiliated to China Council for the Promotion of International Trade (CCPIT). CCOIC is organized by a nationwide Chamber of commerce, which is comprised of enterprises, groups and other business organizations that are engaged in international commercial activities in China.
- **China National Committee of International Chamber of Commerce (ICC China).** CCOIC has also served as the China National Committee of International Chamber of Commerce (ICC) since China's entry into ICC in 1994. ICC China now has altogether 12 policy commissions, namely Commission on Customs and Trade Facilitation, Banking, Arbitration and ADR, Trade and Investment Policy, Digital Economy, Intellectual Property, Taxation, Commercial Law and Practice, Competition, Corporate Responsibility and Anti-corruption, Marketing and Advertising, Environment and Energy.
- **ICC China Commission on Customs and Trade Facilitation.** Composed of more than 120 customs policy, transport and logistics specialists from all sectors of business in China, from CCOIC member companies and industry associations. Responsible for promoting ICC Commission on Customs and Trade Facilitation rules, introducing relevant ICC publications to China, as well as recommending Chinese experts to participate in the drafting of ICC policy papers, rules, guidance and other commission works. **The Chair member of the Commission is China Merchants Group.**

ICC China Commission on Customs and Trade Facilitation

TRANSPORT AND LOGISTICS TOPICS



- ***Last Mile and Urban Access.*** Last mile delivery is becoming more important because of the rise in e-commerce, sales of which are expected to reach \$1.35 billion by 2018, an increase of 28.8% from 2013. Despite its significance to the customer experience, the last mile is currently regarded as being a highly inefficient part of the supply chain. **ICC has taken stock of the recent innovations and challenges in urban access and the last mile, and is exploring a set of preliminary recommendations where the private sector and government can work together, JD.com intends to participate in this process.**
- ***Supply chain connectivity and block chain technology.*** Improving trade logistics through enhanced supply chain connectivity has recently emerged as a significant factor contributing towards increased trade facilitation. Key challenges are Cyber security breaches, entry barriers for SMEs and insolvency of a key stakeholder are all potential disruptions in a connected supply chain. Block chain has the potential to facilitate cross border trade for both large multinational companies and SMEs by creating a centralized, permanent, and accessible database. Key challenge is there are not yet comprehensive regulations addressing how it would go into effect globally, and many companies are wary of the security risks of large scale implementation without extensive trialing.
- ***Unmanned vehicles and automated transport.*** Shipping companies have begun to discuss the possibility of remote controlled ships making journeys across the sea in the future. The hope is to create a system by which vehicles use a range of devices in order to calculate their journey. Another popular technological development that has been gaining traction recently is the use of drones in e-commerce delivery. Key challenge are IT capabilities and the support of full-scale automation, high implementation costs (particularly for SMEs) and concerns for consumer safety and privacy are key challenges to the advancement of these technologies.

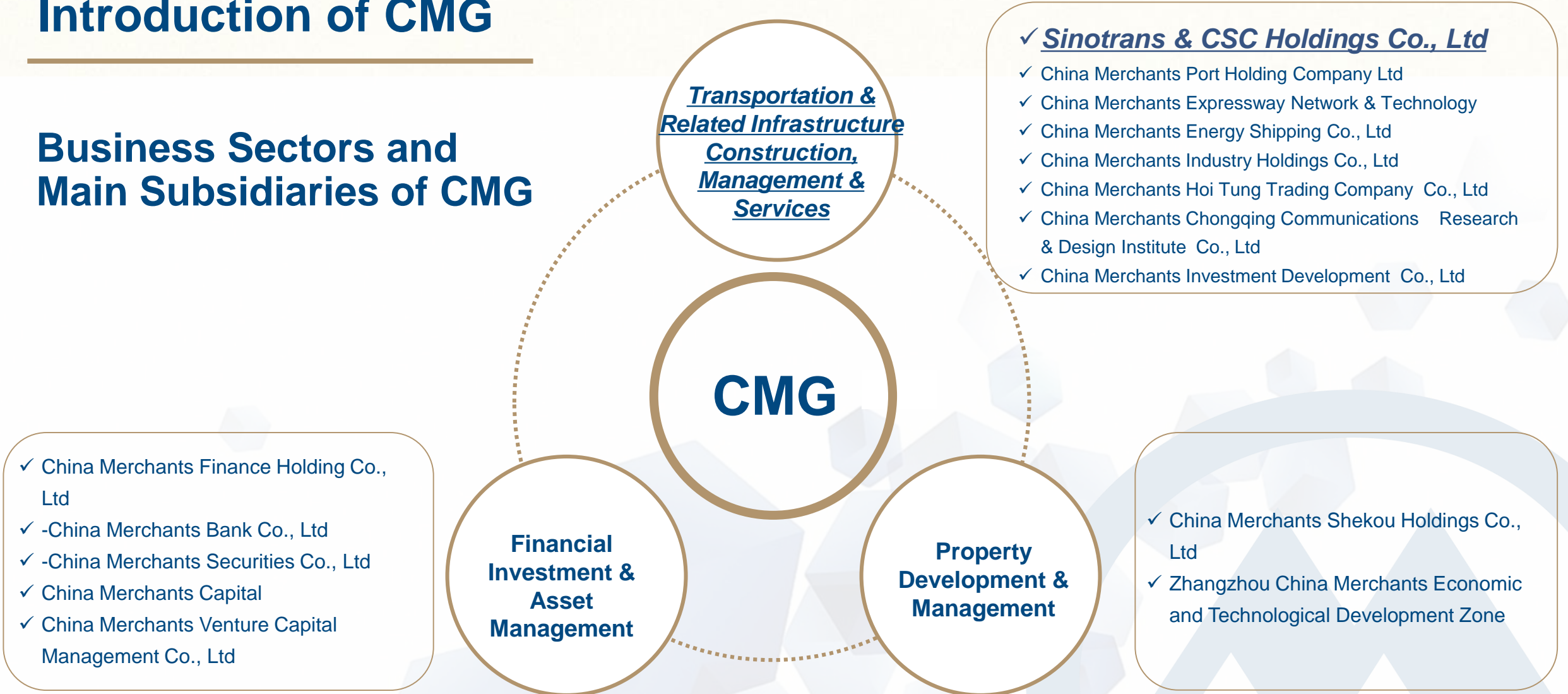


02

Logistics Sector of CMG

Introduction of CMG

Business Sectors and Main Subsidiaries of CMG



Sinotrans & CSC Holdings Co., Ltd is the unified operation platform and brand of CMG's logistics services

Introduction of Sinotrans Limited

- **Sinotrans limited** is the operating platform and flagship enterprise of CMG's integrated logistics sector.
- **Established** on November 20, 2002, it was successfully listed in Hong Kong on February 13, 2003 (H0598).
- **Registered asset:** 4.606 billion RMB
- **Total assets:** 62.1 billion RMB by the end of 2017
- **Revenue:** 72.5 billion RMB in 2017
- **Profit Before Taxation** : 3.8 billion RMB in 2017
- Sinotrans has a complete **logistics network**. The domestic network covers 31 provinces, municipalities and autonomous regions across the country; 79 overseas institutions are located in 33 countries and regions.



Introduction of Sinotrans Limited



Agency & Related Business

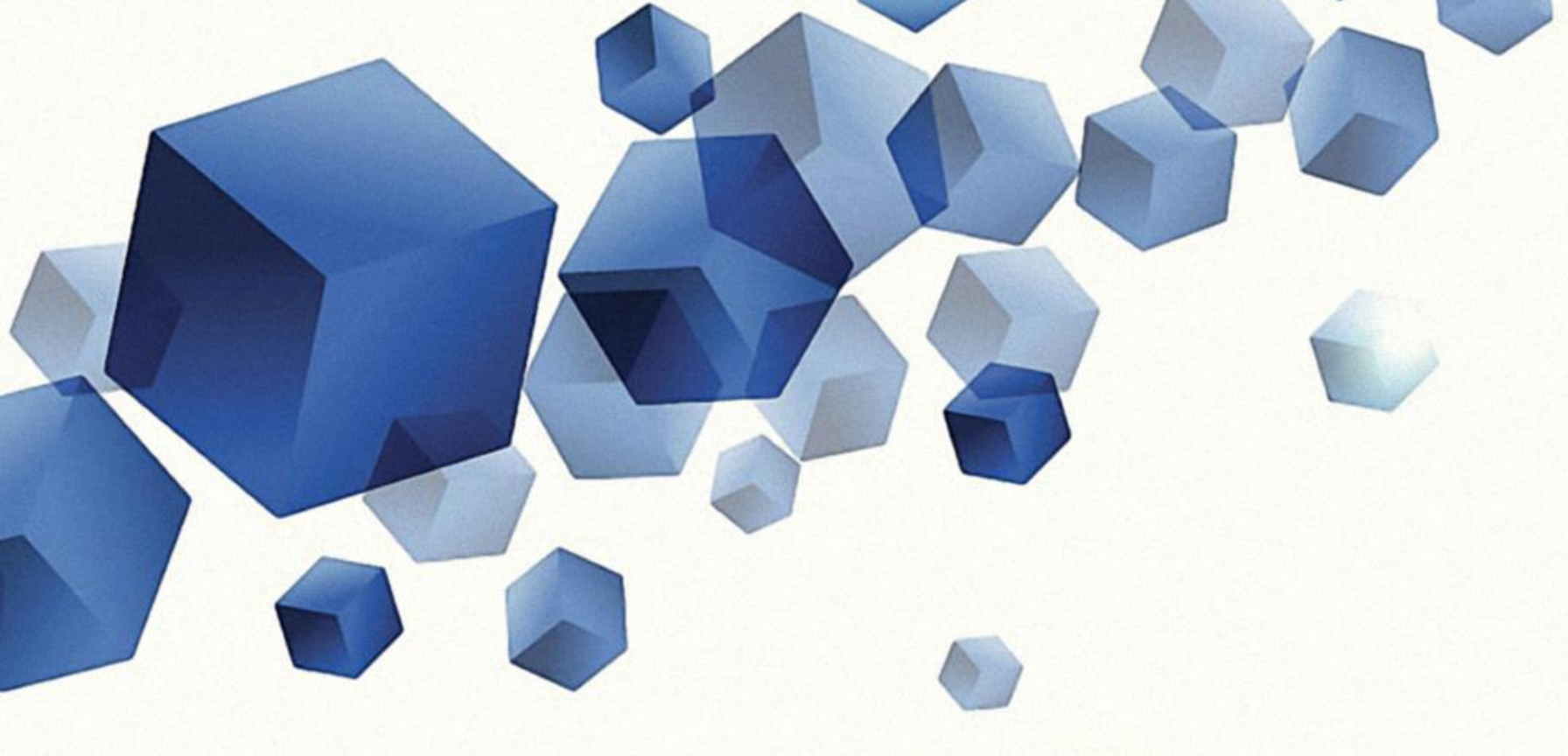
- Freight forwarding
- Shipping agency
- Road and rail transportation
- Warehousing and distribution
- Terminal service
- International express

Supply Chain Logistics

- Contract Logistics
- Project Logistics
- Chemical Logistics
- Cold-chain Logistics

E-Business

- Main Business O2O
- Cross Border E-Commerce Logistics
- Supply Chain Ecosystem

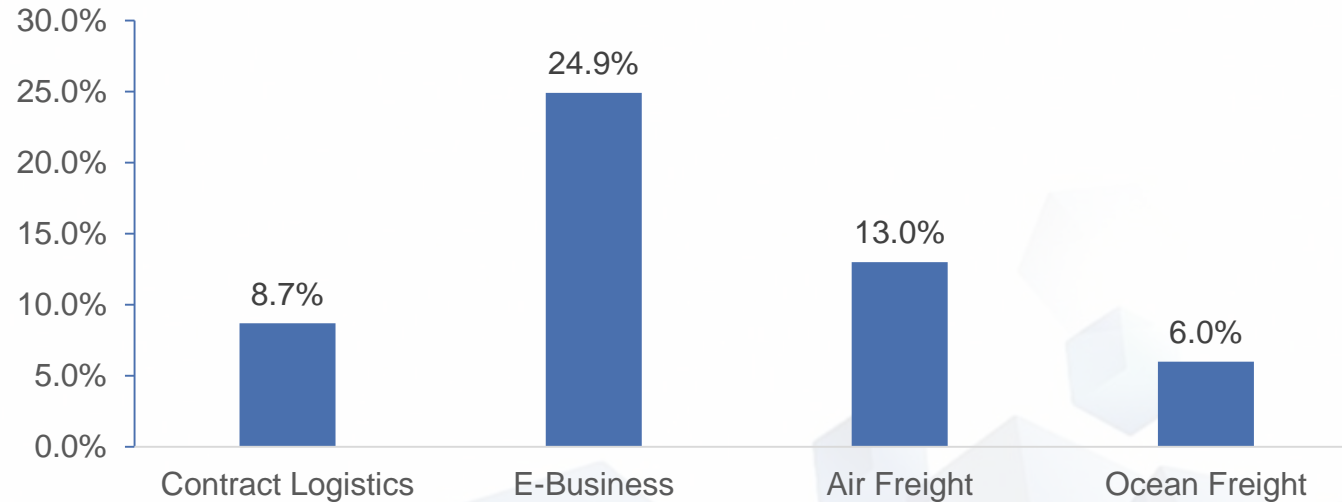


03

New Trends of Logistics Industry

Asia-Pacific Logistics Market

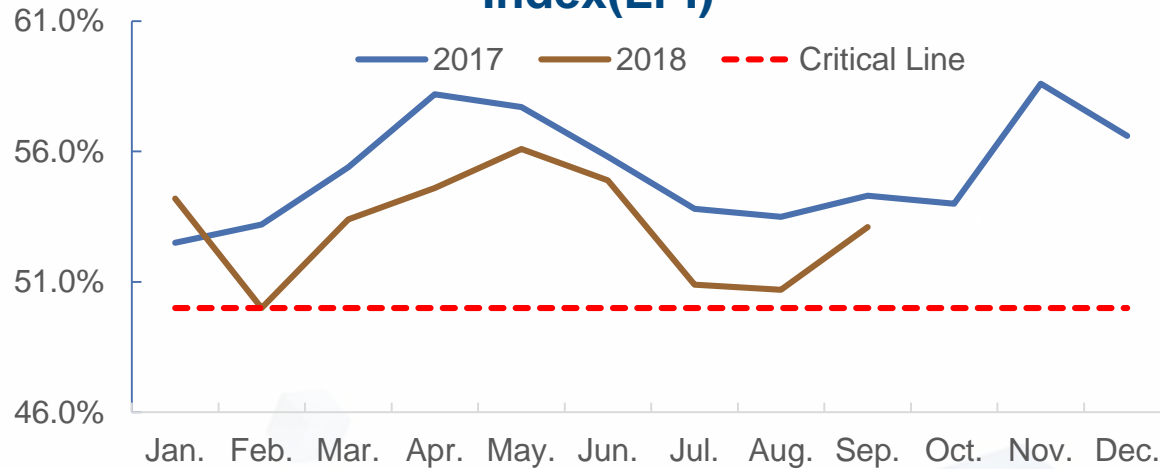
2017 Asia-Pacific logistics market growth



- As the world's largest manufacturing base, the logistics market in the Asia-Pacific region is greatly influenced by the global economy. With the recovery of the global economy in recent years, the demand for manufacturing products in the Asia-Pacific region is growing, driving the growth of the manufacturing-related logistics market.
- The growth of the emerging middle class has boosted the growth of the Asia-Pacific consumer market. The prosperity of e-commerce has made Asia-Pacific region the largest and fastest growing e-commerce logistics regional market in the world (accounting for 51.4%).

China Logistics Market

China Logistics industry Prosperity Index(LPI)



The proportion of total social logistics costs to GDP (%)



- The logistics industry has maintained steady growth, which is strongly supported by the steady and healthy development of the national economy.
- The quality and efficiency of logistics operation have steadily increased, and the proportion of total social logistics costs to GDP has been declining.

Supply chain innovation supported by National policies

Reform of the supply side

- Continue to promote the optimization of non-financial economy structure, accelerate the development of advanced manufacturing and modern service industries, and promote the deep integration of the Internet, big data, artificial intelligence and the non-financial economy.
- Improve the quality, efficiency and safety of social logistics

Innovation-driven

- Raise supply chain innovation and application to national strategy
- Promote integration of the "Internet +" efficient logistics and the "Public entrepreneurship and innovation" engine

Green logistics

- Accelerate the promotion and application of new energy and clean energy vehicles
- By 2020, among the new and updated light logistics distribution vehicles in urban built-up areas, the proportion of new energy vehicles and clean energy vehicles meeting the China VI emission standards will exceed 50%, and reach 80% among the key areas.

Improve quality and efficiency

- Twenty-seven specific measures proposed from seven aspects to deploy logistics to reduce costs and increase efficiency, improve logistics development, and promote the non-financial economy.
- Developing multimodal transport is a powerful tool to reduce logistics costs

- "Internet +" Efficient Logistics Implementation Opinions
- "Implementation Plan for Promoting the Construction of Ecological Civilization of Transportation"
- "Opinions on Further Promoting Logistics Cost Reduction and Efficiency Improvement to Accelerate the Development of the non-financial Economy"
- Notice on Further Promoting the Multimodal Transport
- "Guiding Opinions on Actively Promoting Supply Chain Innovation and Application"
- "Internet +" Efficient Logistics Implementation Opinions
- "Three-Year Action Plan for Promoting Transportation Structure Adjustment (2018-2020)"

Internet+ Companies Influencing Logistics Market

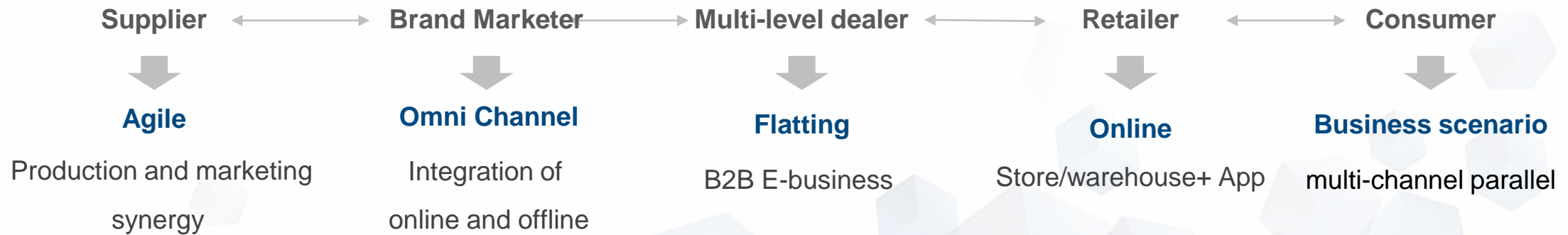
Internet + logistics companies have emerged in large numbers

- Improve Organizational efficiency : Anneng, Dada
- Internet efficiency: Huochebang, Fuyou ,yunniao
- Technology Driven : G7、oTMS、YPL Express、Zhicang
- New business needs: Food Delivery, Mini warehouse
- Breaking the boundaries of the logistics industry: Yiyatong



Supply chain transformation led by New Retail Model

The new retail model promotes supply chain transform horizontally from “separation” to “collaboration” and vertical from “multi-channel ” to “omni channel”.

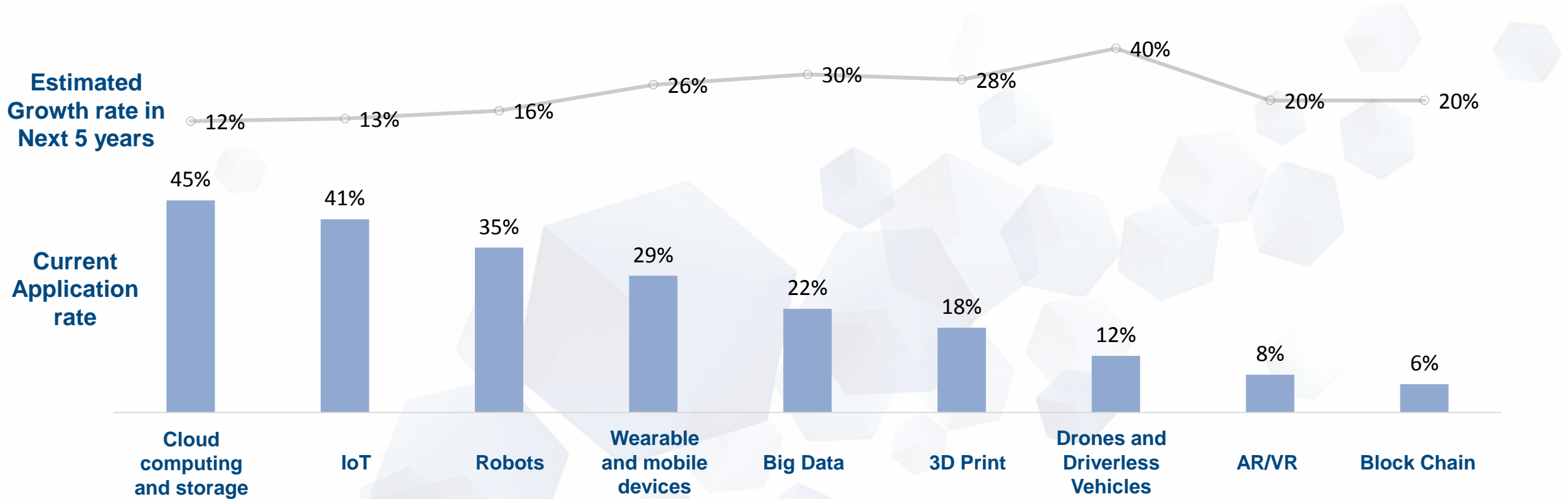


- Both online and offline access are shortened to varying degrees
- Diversified customer base and diversified demand of goods/services delivery
- From the perspective of supply chain, logistics has gradually shifted from execution to overall operation, and the focus has shifted from “efficiency” to “benefit”.

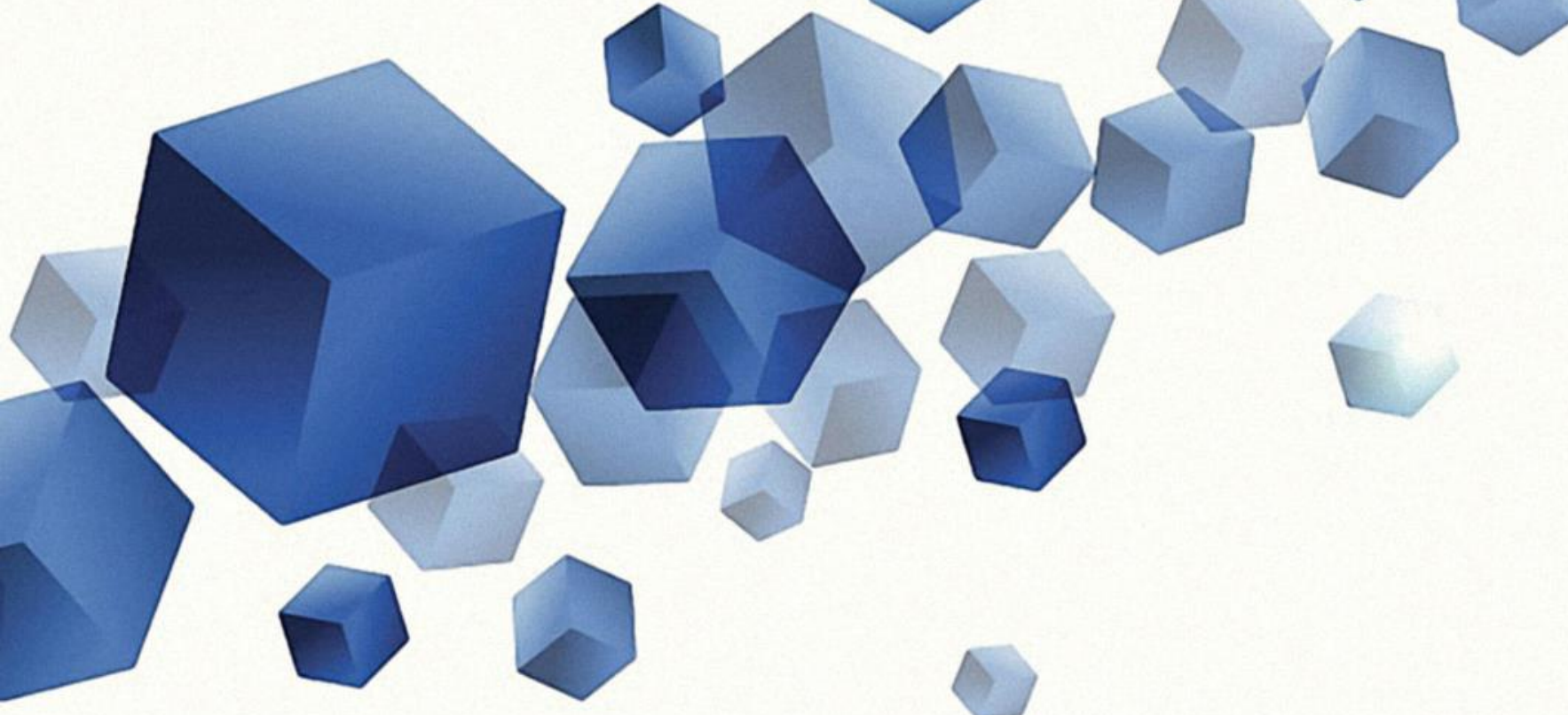


Smart Logistics Transformation Driven by Digitalization

Driven by digitalization, the ability of innovation is improving, and the application of smart logistics technology is extending, rapidly promoting the integration of information and data, and more rational decisions under the support of big data are being made, thus enhancing the customer service experience.



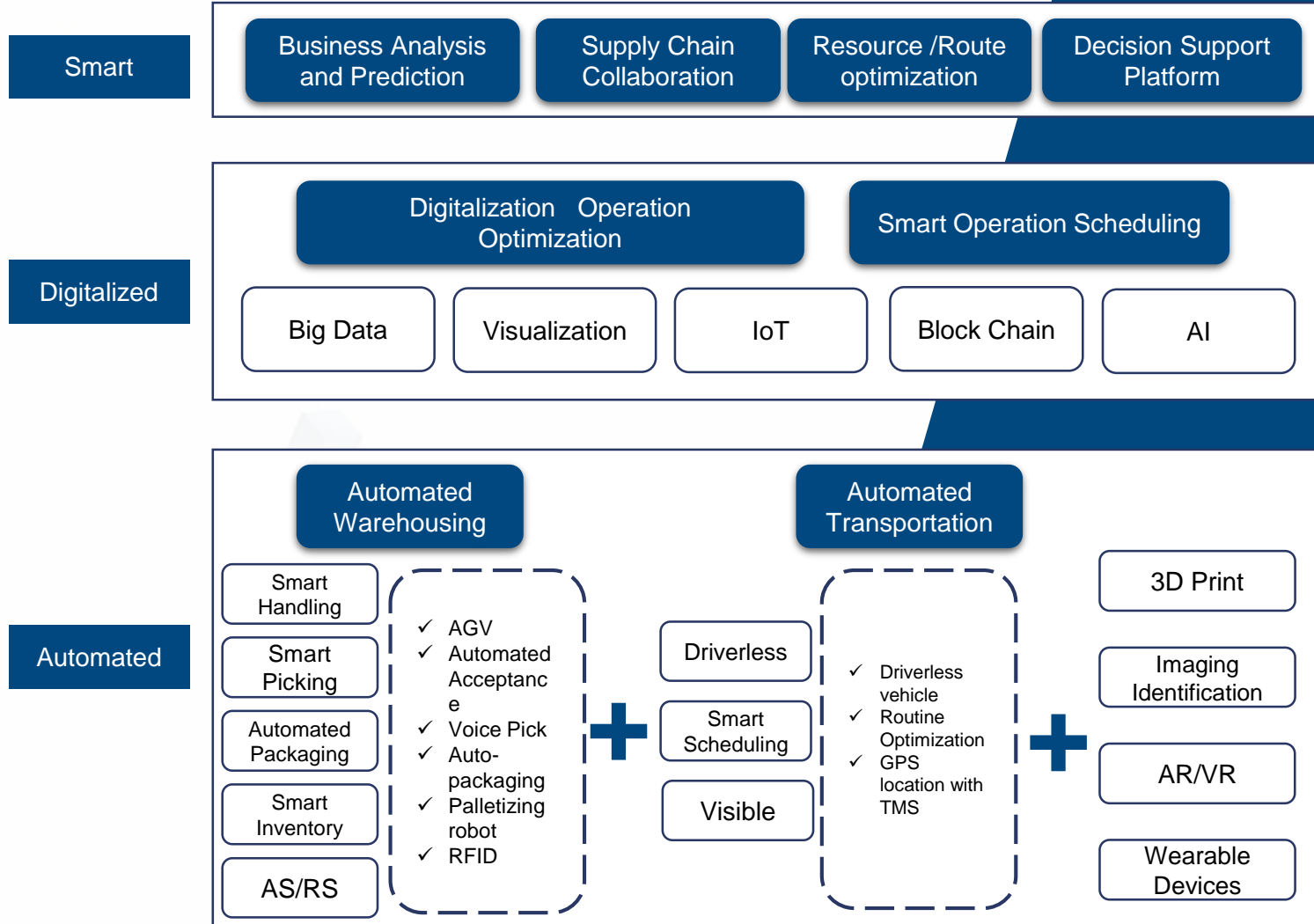
• Source: MHI 2016 Global Supply Chain Technology Research Report and Expert Interviews



04

New Logistics Model Built by CMG

Smart Logistics Transformation Driven By Digitalization



The blueprint Of Smart Logistics

Clarify the path and direction of smart logistics development, and promote the establishment of new business models and modern logistics ecosystem.



The Application of New Technology

Promote the transformation of contract logistics business from labor-intensive to technology-intensive, to improve service efficiency, quality and customer experience.



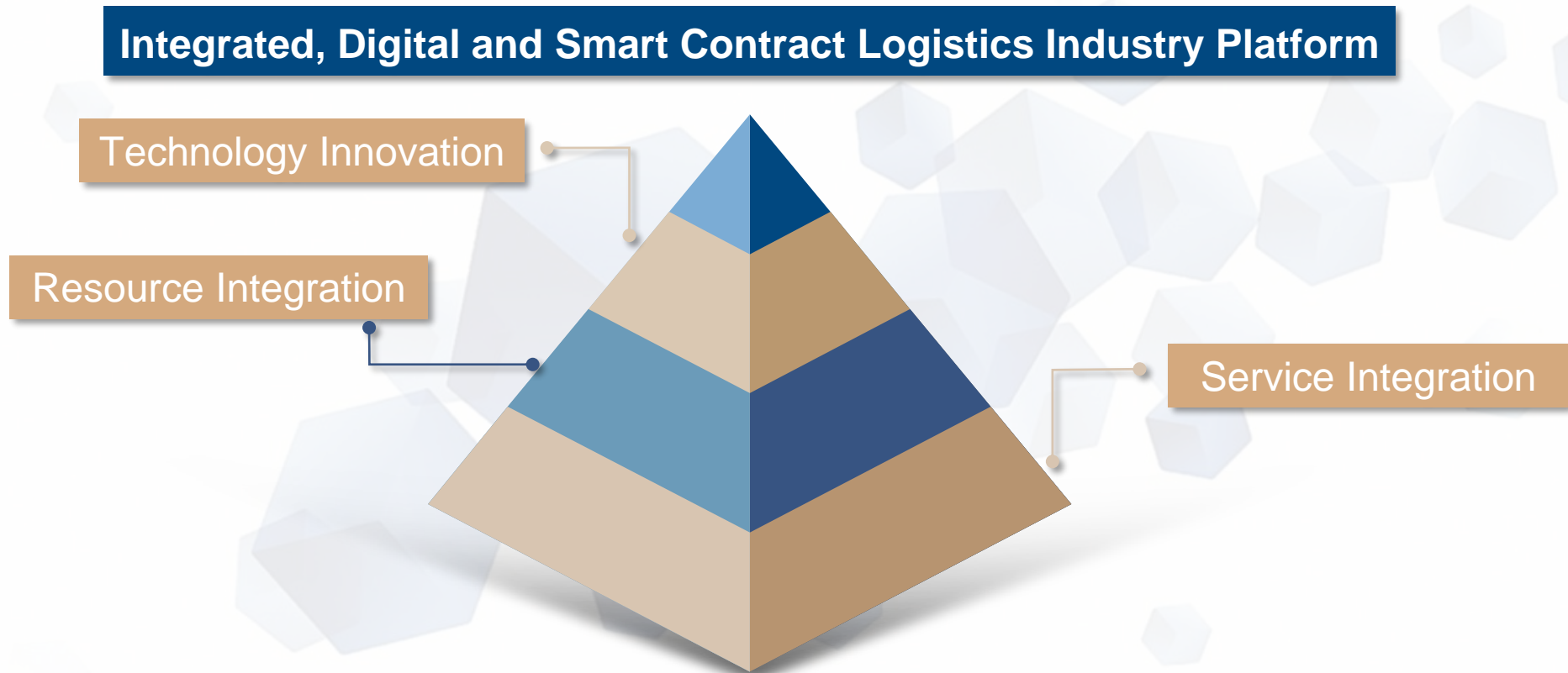
The Digitalization

Driven by digitalization, we can improve management and operational levels, tap the deep value of big data, and provide smart logistics solutions for customers and our own operations management optimization.

Deepen the Integration of Business Resources

Deepen the integration of promoting innovation in business models

Driven by industry transition and customer demands, we will extend the upstream and downstream of the industry chain to build an integrated, digitalized and smart contract logistics industry platform, through service integration, resource integration and technology innovation.



Innovative Technologies in Logistics Industry



Smart Warehouse

Smart Handling
Smart Picking
Automatic Packaging
Smart Inventory



沪D 67.9km/h

中外运

安徽省_六安市_金寨县

115.78545,31.49182

基本信息

车辆品牌: 本田

长x宽x高: 720*200*350 CM

整备质量: 2500 KG

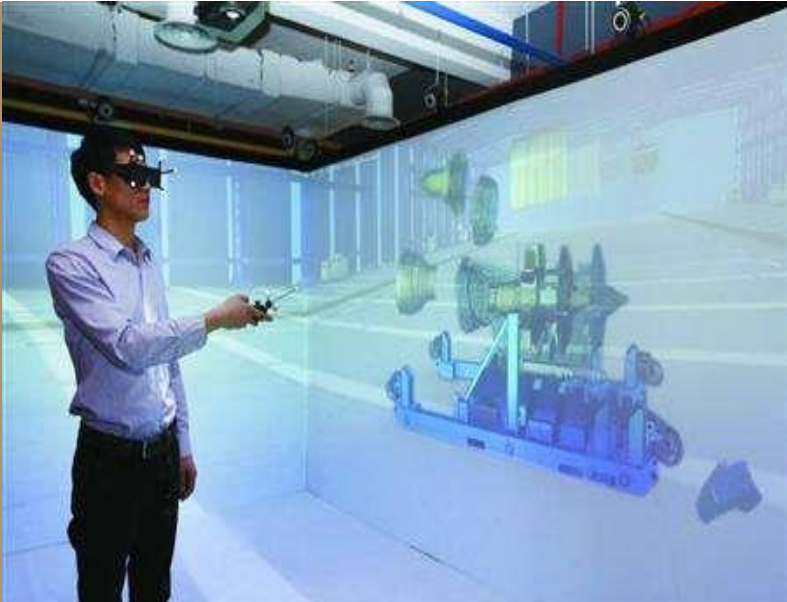
总质量: 16200 KG

装载货物: 快消品



Smart-trans

Smart Scheduling
Full Visualization
Driverless Vehicles



Other new Technologies

3D printing
Image Identification
AR/VR
Wearable Devices

CONTACT



Thank you!



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