



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO-BRICS COOPERATION QUARTERLY REPORT

Partnership for prosperity



January–March 2017
Issue 2



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INDUSTRIAL DEVELOPMENT ORGANIZATION

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I. FOREWORD

Since its official launch in September 2016, the UNIDO project “Promote the development of SMEs between China and other BRICS Countries through e-commerce development” (or in short “UNIDO BRICS SMEs E-commerce project”) has started to devise cooperation mechanisms to develop SMEs through e-commerce, including consultation workshops and meetings in BRICS Member States.

The second UNIDO-BRICS Cooperation Quarterly Report covers the period January-March 2017 and provides an overview of ongoing UNIDO-BRICS activities, including the preparation of a concept note for the BRICS Contact Group on Economic and Trade Issues (CGETI), a consultation meeting with BRICS Permanent Missions, a UNIDO delegation to CGETI at the invitation of the Ministry of Commerce of China, and a UNIDO expert group meeting on BRICS e-commerce development in Shanghai, China.

II. HIGHLIGHTS OF UNIDO-BRICS COOPERATION

Concept Note for meetings of the BRICS Contact Group on Economic and Trade Issue (CGETI)

In February 2017, at the invitation of the BRICS Contact Group on Economic and Trade Issues, UNIDO prepared a concept note on the establishment of a BRICS E-commerce Industry Alliance. As one of seven initiatives considered at CGETI’s first meeting, the proposed Alliance is to be established to promote e-commerce development and cooperation among SMEs in BRICS. It is proposed to include policymakers, research institutions and enterprises to serve the entire industry, sharing resources and developing technologies and standards. During the meeting, it was agreed that UNIDO will also contribute to the outcome documents of the 9th BRICS Summit, in cooperation with other international organizations.

Consultation meeting with BRICS Permanent Missions



On 15 February 2017, Mr. Victor Zagrekov, Senior Advisor on Partnerships for UNIDO’s Partnership Department, chaired a consultation meeting with the Permanent Missions of BRICS countries in Vienna. The meeting focused on progress of the UNIDO BRICS SMEs E-commerce project and the development of a UNIDO-BRICS technology platform. During the meeting, the BRICS representatives provided constructive suggestions on the project implementation while reconfirming their interest to develop the UNIDO-BRICS technology platform.

Meeting of the Contact Group on Economic and Trade Issue (CGETI)

On 20 and 21 March 2017, the 14th Meeting of the BRICS Contact Group on Economic and Trade Issues (CGETI) was held in Beijing, China. At the invitation of the Ministry of Commerce of China, which currently holds the BRICS presidency, UNIDO delivered a presentation on the BRICS technology transfer platform, on the e-commerce industry alliance and on the joint report on e-commerce development. The BRICS representatives welcomed these initiatives and agreed that UNIDO would cooperate with ITC to provide a draft structure for the joint report. Accordingly, terms of reference on establishing an e-commerce alliance will be developed, also taking into account further consultations among the BRICS contact group. On the side lines of the meeting, the UNIDO delegation held bilateral meetings with various stakeholders, including the BRICS Business Council, the private sector and research institutions.



Meeting of the BRICS Contact Group on Economic and Trade Issues (CGETI) on 20-21 March 2017

UNIDO Expert Group Meeting on the “Development of e-commerce in BRICS”

On 27-28 March 2017, UNIDO and the Shanghai Academy of Social Sciences (SASS) co-hosted an Expert Group Meeting on BRICS e-commerce development, in Shanghai, China. The aim of the meeting was to review, analyze and share best practices of BRICS, the UK and the EU in e-commerce development. UNIDO, SASS, experts from BRICS, China, the UK and the EU presented their respective reports on e-commerce development and the participants provided suggestions on promoting domestic and cross-border trade through e-commerce development in BRICS. They highlighted the opportunities that e-commerce provides for SMEs, namely helping to overcome logistical and geographic challenges and improve access to global markets. Mr. Wang Zhan, President of SASS, and Mr. Zhen Wang, Chief of UNIDO’s Asia and the Pacific Division, inaugurated the UNIDO-

BRICS SMEs E-Commerce Research Centre and handed out certificates to the BRICS national experts. The Centre will engage domestic and foreign e-commerce experts to provide strategic advice to promote cooperation in e-commerce between China and other BRICS countries.



Group photo of all experts



Issuing Certificate to National Experts

Views from SASS and the New Development Bank (NDB)

Mr. Wang Zhan, President of SASS: Cooperation on e-commerce among SMEs in BRICS countries has great significance. E-commerce plays a key role in trade growth, industrial transformation and job creation; it contributes to the participation of SMEs from developing countries in global value chains (GVC). We appreciate that UNIDO is taking the lead in organizing meetings of BRICS experts thereby contributing to an integrated market in BRICS. SASS, as a high-level national think tank, is honored to participate in the project and work together on the joint report on BRICS SMEs e-commerce development. SASS will conduct further research on BRICS e-commerce, build a multilateral platform, contribute to economic upgrading in BRICS, and achieve mutual development.

Mr. Xian Zhu, Vice President of the New Development Bank (NDB): For SMEs in BRICS, the establishment of e-commerce has great strategic significance. The “highway” of inter-consecutiveness, as provided by the infrastructure and institution, would facilitate the SMEs development in e-commerce. Demand and supply could be met on a third party platform. The NDB is a new

multilateral development institution with the mandate to support infrastructure and sustainable development in emerging markets and developing countries. Mr. K V Kamath, NDB President, has stated that the NDB has great interest in the loan project in the area of e-commerce. E-commerce could make full use of the resources and serve as the platform of sustainable development. NDB is willing to support BRICS SMEs e-commerce cooperation in two principal aspects. First, NDB could provide direct funding support for projects on BRICS e-commerce cooperation. Second, NDB supports projects on renewable energy and green infrastructure, which are also components of e-commerce infrastructure.

Views from BRICS, UK and EU experts

Brazil

Mr. Gabriel Lima, Founder/Managing Director of Enext, São Paulo, Brazil. As UNIDO national expert for Brazil, Mr. Lima participated in the expert group meeting in Shanghai and presented the report on e-commerce development in Brazil. He addressed economic development and the current status of e-commerce in Brazil, as well as domestic and cross-border bottlenecks and challenges faced by Brazil. Mr. Lima proposed solutions to the main challenges faced by Brazilian e-commerce players, including bureaucratic procedures, tax structures, underdeveloped distribution infrastructure, insufficient talent availability and political instability and volatile economic environment.

Russia

Mr. Sergey Lobanov, Deputy Director of the Department of Internal Trade, Ministry of Industry and Trade of the Russian Federation, participated in the EGM on behalf of Ms. Marina Sadyki, the national expert for Russia Federation. Mr. Lobanov presented the current status of e-commerce development in Russia and the role of key government department, private organizations, and industry sectors. The presentation included the B2C e-readiness index 2016 on internet usage and payment methods. Mr. Lobanov explained the e-commerce ecosystem and government initiatives and platforms to promote and support e-commerce and SMEs. He mentioned the main challenges and bottlenecks hindering e-commerce exports and SMEs development in Russia and provided potential solutions and policy recommendations, in particular the creation of a National Strategy of Development of e-commerce in Russian Federation for 2017-2025.

India

Dr. H P Kumar, national expert for India, is an honorary executive member of the Federation of Indian Chambers

of Commerce and Industry (FICCI-CMSME). FICCI-CMSME is the leading national industry organization in India, providing support services to micro, small and medium enterprises (MSMEs). As the Chairman-cum-Managing Director of the National Small Industries Corporation, Dr. Kumar is specialized in Indian e-commerce development and MSMEs in India. The presentation addressed the current e-commerce market, financial status and provided a SWOT analysis of MSMEs, classified by manufacturing and services enterprises. Dr. Kumar briefed on domestic and cross-border e-commerce challenges and presented an overview of major B2C market players, and key government and private organizations initiatives in e-commerce. Major contributory factors to the growth of e-commerce industry in India include quick adoption of new technology, India's fast growing economy, innovative use of technologies, choice of payment options, and flagship government programmes. Dr. Kumar also briefed on the impact of government policies and guidelines on e-commerce.

China

Mr. Wang Genxiang, Director of the UNIDO project office, SASS, informed that as MOFCOM intends to promote the development of e-commerce, two e-commerce training workshops have been conducted under Mr. Wang's supervision. Cost reductions and efficiency improvements are two common problems for e-commerce SMEs. The Asia and Pacific training centre has provided trainings for more than 100 technical officers, including on the "One Belt One Road" and e-commerce, and technological and IT training courses. Each year, the Chinese Government organises 1,000 training courses.

Prof. Li Yi, national expert for China, is currently Chief Researcher at the Internet Research Center, SASS, and the Deputy Director of "Internet+" Research and Consulting Center of the China Internet Association. Prof. LI presented the draft national report of China and the main challenges of the e-commerce development in China. The presentation highlighted four challenges for cross-border e-commerce in China: undeveloped offline logistics; online payment risks; undeveloped rules and regulations; and weak international trade. For SMEs, the four main problems are dependency on third party platforms, weak informatization, lack of systematic planning, and the lack of human resources. Prof. LI recommended that BRICS governments promote cooperation and partnership and that international organization promote the development of regional economic and trade arrangements for SMEs in BRICS.

Dr. MA Shujun, President of CIMM Group, and founder and Chairman of Ark of China, shared best practices adopted by China for e-commerce SMEs development. Dr. MA discussed the status of Chinese e-commerce SMEs

and the problems and opportunities they face, as well as those experienced by Ark of China. He explained Ark of China's vision as "Leading SMEs' global development to create employment promoting SMEs' cooperation to decrease social poverty".

Ms. SHEN Kaiyan, Director of Institute of Economic Research, SASS, provided feedback on the BRICS joint report, outlining the main functions of the E-commerce Research Center, as well as the work plan.

South Africa

Mr. Percy Mkhosi, national expert for South Africa, is the CEO and founder of Datacomb Development Consultants. The presentation discussed the current status of e-commerce development in South Africa and cross-border opportunities and government initiatives with regard to institutional and legislative support to drive e-commerce and SMEs. Mr. Mkhosi also mentioned challenges in e-commerce with potential solutions and recommendations.

United Kingdom

Mr. Meng Tong, expert for the UK, briefed on the UK's experience of e-commerce SMEs, by sharing best practices adopted in e-commerce development, the status of the UK e-commerce market in comparison with top 10 countries in terms of eGDP, and the structure of e-commerce sales by industry sectors. He also shared data on internet purchasing, namely the adoption of e-commerce by SMEs in the UK, and provided an example of the critical success factors for B2B e-commerce use within the UK NHS Pharmaceutical Supply Chain.

European Union

Ms. Stefanie Ros, expert for the EU, is a Director of the Shanghai office of the international public affairs firm Dr2 Consultants. The presentation "Best practices adopted by the EU for e-commerce SMEs development" addressed the status of e-commerce in the EU, including total online and cross-border spending. Ms. Ros mentioned the European e-commerce network connecting China through international e-commerce and global cross-border B2C e-commerce forecast, in relation to growth in European B2C e-commerce sales. She also briefed on barriers to e-commerce in the EU and cross-border success factors for online shops with case studies of Amazon and Rocket Internet Global Presence.

Advisory Group

Ms. XIAO Ruxin, Deputy Director, China Center for Promotion of SME Development, Ministry of Industry and Information Technology (MIIT), China, highlighted the

contribution of SMEs to the economy and employment. She stresses that MIIT encourages SMEs to take advantage of the Internet and new media to develop e-commerce, and use big data to promote precise marketing in order to expand the domestic and international markets.

Dr. Shulin Lan, is a research Director at the Laboratory for Physical Internet, Zhejiang Institute of Research and Innovation, the University of Hong Kong. Compared with the fast development of technology, she noted that the development of logistics has been slow. She suggested promoting the development of IT.

Mr. Lu Jinjun, Director of Shanghai Internet Big Data Engineering Technology Research Centre, General Manager of China Telecom Shanghai Ideal Information Industry Group Corporation Limited, explained services providing big data to the government.

Mr. WANG Zengye, Senior Economic Manager, Deputy General Manager of CNPC Finance Limited, and President of Finance and Accounting Research Institute under CNPC Finance Limited, highlighted the importance of big enterprises in the development of e-commerce SMEs.

Mr. YANG Ruirong, is a Partner at Marathon Venture Partners (MVP), a China-based early to growth stage fund focusing on healthcare and fintech. Mr. YANG highlighted the potential of peer-to-peer (P2P) lending and the importance of venture capital in the development of e-commerce. Around 200,000 investors of venture partners are seeking opportunities, and around 2500 new funds have been established in 2016.

Mr. Yue Hongfei, a PhD student majoring in economics at the School of Economics and Resource Management, Beijing Normal University, has been a researcher at the China Coal Economic Research Institute since 2013. He participated in the UNIDO/MOFCOM green industry platform capacity building project. The presentation provided an update on the field survey conducted for the national study report of China, highlighting the status, trends and challenges faced by e-commerce SMEs in China.

Field visit on 28 March 2017

Visit to Cloud town in Hangzhou Cloud Computing Industry Park

On 28 March 2017, a UNIDO delegation visited Alibaba Cloud (AliCloud), a subsidiary of e-commerce powerhouse Alibaba Group. The UNIDO delegation was received by the Ali Cloud team to be briefed on Cloud town and its operations. The Government of China constructed the town based on the concept of "Four in One: Function of industry, culture, tourism and community". The town is a focus for cloud computing, big data and intelligent

hardware industry. The aim is to construct an innovative ecosystem of “Pasture of Innovation, Nursery of Industries, Eden of Science and Technology”, gathering a large number of companies in the field of gaming, e-business, finance, app development, intelligent development and other various fields related to cloud computing.

Visit to the China Telecom Shanghai Ideal Information Industry (Group) Co. LTD.

On 28 March 2017, the UNIDO delegation visited China Telecom Shanghai Ideal Information Industry (Group) Co., Ltd., an internet big data engineering technology research and services center. The delegation was briefed on its operations and main products, such as data tracking and distribution to government and private sectors, institutions and research centers, and macro-economic analysis. Further, they were briefed on the carrier-class highly reliable communication system, big data (data visualization), the CAAS Cloud, the intelligent application delivery platform, and enterprise mobile device security management (MDM). China Telecom showed how big data can help SMEs in e-commerce, and provided a demonstration of analysis on internet usage, number of website visits and auto identification of websites, which could help SMEs identify and target consumers.

III. MAJOR NEWS ON 2017 BRICS SUMMIT

Under China’s chairmanship, the ninth BRICS Summit will be held in Xiamen, Fujian Province, China, on 3-5 September 2017, with the theme “BRICS: Stronger Partnership for a Brighter Future”.

The concept note “Theme and Cooperation Priorities of 2017 BRICS Summit” has been officially published. The note specifies four cooperation priorities: deepen cooperation among BRICS for common development; strengthen global governance to jointly meet challenges; carry out people-to-people exchanges to support BRICS cooperation; and make institutional improvements and build broader partnership.

Ministerial Meetings

- **2017 First BRICS Sherpa Meeting in Nanjing, China**

On 23-24 February 2017, the first BRICS Sherpa meeting was held in Nanjing, Jiangsu province. Nearly 100 people attended, including Sherpas and Sous-Sherpas of BRICS countries, foreign diplomatic envoys in China, as well as representatives from the New Development Bank.

Centering on the theme of Stronger Partnership for a Brighter Future, the meeting involved in-depth discussions on current global political and economic issues. Four major topics were discussed, including the key points of 2017 BRICS cooperation, political security cooperation, economic cooperation and people-to-people and cultural exchanges, as well as the work plan in 2017.



- **Meetings of Finance Ministers and Central Bank Governors**

The first BRICS Finance Ministers and Central Bank Governors Meeting under the Chinese Chairmanship was held in Baden-Baden, Germany, on 17 March 2017. The Meeting was co-chaired by Mr. XIAO Jie, Finance Minister of China, and Mr. ZHOU Xiaochuan, Governor of the People’s Bank of China. Finance ministers and central bank governors from BRICS

countries and the President of the New Development Bank attended the meeting and discussed issues including macroeconomics and policies, coordination of G20 financial issues and financial cooperation among the BRICS members, and agreed on the work programme for this year.

- **31 March – 2 April 2017**
Annual Meeting of the Board of Governors

Senior Officials/Working Groups/ Expert Meetings

- February 2017: Intellectual property coordination group meeting and intellectual property examiner training seminar in Nagpur, India
- March 2017: Science, Technology and Innovation Funding Working group Meeting in South Africa
- March 2017: Meeting of Contact Group on Economics and Trade Issues in Beijing

IV. UPCOMING EVENTS IN 2017

- 25 April-1 May 2017: Study tour to Brazil on business matchmaking and cooperation between SMEs on e-commerce, co-hosted by MIIT and SASS
- 22 May 2017: Consultation workshop in Moscow on e-commerce matchmaking (B2B) to develop collaborative relationships and partnerships among e-commerce companies from Russia and other BRICS countries
- July: training course in Weifang, with support from SASS, and site visit to Internet retail companies
- 25-26 July 2017: UNIDO Director General's attendance at the BRICS Meeting of Industry Ministers in Hangzhou
- 18 September 2017: Public Private Partnerships (PPP) Forum on BRICS E-commerce (UNIDO 2017 CIFT event) in Xiamen

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