

SPOTLIGHT

Rebirth of rural China

E-commerce helps to alleviate poverty in 'Taobao villages' as more farmers tap into online markets, letting Internet technology transform people's lives

By DAVID BLAIR
davidblair@chinadaily.com.cn

Village entrepreneurs are using China's burgeoning e-commerce markets to create new opportunities by selling specialized agricultural goods, cultural handicrafts or light industrial products online.

Last year, more than 1.3 million new jobs had been created by rural e-commerce nationwide, and total transactions hit 120 billion yuan (\$18.8 billion), according to e-commerce giant Alibaba.

The number of "Taobao villages", in which at least 10 percent of the population sells goods on Alibaba's online platform with revenues of at least 10 million yuan, has soared from 20 in 2013 to more than 2,100 in 2017.

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E-commerce key to modern farming, Rural areas keen to go online, page 13

The nation's top leadership is strongly focused on improving the living conditions of rural residents. In his report to the 19th National Congress of the Communist Party of China in October, General Secretary Xi Jinping said: "What we now face is the contradiction between unbalanced and inadequate development and the people's ever-growing needs for a better life."

In a December speech at the Ministry of Transport, Xi urged transportation authorities nationwide to focus on the construction and maintenance of rural roads to speed up rural modernization.

Also in December, the National Development and Reform Commission (NDRC) and the Asian Development Bank (ADB) held a workshop in Beijing to present the conclusions of a two-year research project on Rural Economic Transformation with Internet Plus.

The report said e-commerce has the potential to transform rural life, but also pointed out the need to overcome major obstacles.

In many areas, roads, broadband and cold-chain infrastructure needed to move products are not yet developed. Small farmers are also having problems in the food safety certification process. And many rural residents need further business and technical education to exploit opportunities fully.

Wu Xiao, director-general of rural economy for the NDRC, said the nation is working on a targeted strategy for transforming rural areas through



An e-business service center at the Gucheng township of Zhenyuan, Southwest China's Yunnan province. E-commerce is transforming rural areas.

e-commerce and Internet Plus farming technologies.

For rural residents to share the benefits of development, solutions are needed to coordinate industrial chains and marketing, increase the scale of production, create brands and make agriculture more competitive, he said.

Using e-commerce platforms, some villagers have built businesses selling traditional handicrafts. For example, the people of Xinhua village in Southwest China's Yunnan province make silverware using techniques dating back to the Tang Dynasty (AD 618-907). Through sales on Taobao, JD.com and other platforms, they have increased their incomes while preserving the nation's intangible cultural heritage.

Other villages are able to sell specialized agricultural products directly to city buyers.

Yonghe county in the northern Shanxi province specializes in producing jujubes, also known as Chinese dates. In 2015, Yonghe harvested 20,000 metric tons of jujubes but was able to sell only about half.

According to the online journal chinadialogue.net, Liu Dongdong, a Yonghe native who had migrated for work to the provincial capital of Taiyuan after earning his university degree, returned to his native village to start an online jujube store.

Other entrepreneurs have been able to turn their villages into light-industrial clusters specializing in one product.

For example, starting in 2013, the village of Daiji in the eastern Shandong province, once a highly impoverished area, has transformed itself into the national center for making acting and dance costumes.

In many villages, a single entrepreneur developed an online business and then was followed by the growth of similar businesses and suppliers in the area.

Goods do not just flow from villages to cities. More than half of China's rural residents now shop online. In the first eight months of last year, rural online retail sales reached 729 billion yuan, an increase of 38.1 percent over the same period in 2016, according to chinainternetwatch.com.

Farmers' effective living standards soar when they get access to cheaper, better and more varied goods than are available at the local general store. The potential for Internet technology to transform rural life is just now being tapped. The growth rate of Taobao villages, where much of the population sells online, is very fast, but they still number only 2,100 out of the more than 600,000 administrative villages throughout the country.

Currently, 90 percent of Taobao villages are concentrated in eastern coastal provinces, and more than 70 percent are in southern China, especially in the highly commercial provinces of Guangdong and Zhejiang, according to Alibaba research.

Yang Guangyun, general manager of the Rural E-commerce Operations Center in the Zhenyuan Yi, Hani and Lahu autonomous county in Yunnan province, said: "Without developing the rural areas, there is no speaking of developing the entire nation. It's a long way to go."

"We need the support of the government and universal training programs for the local people. We are still short of talent and have very weak infrastructure. It's easy for industrial products to reach the countryside, but it's not easy the other way around."

Another problem emphasized at the NDRC-Asian Development Bank workshop is that Taobao may have a near monopoly as a sales platform for many villages, and many fees are too high for small producers.

However, Zhang Ruidong, director



Farmers in Bachu, in Northwest China's Xinjiang Uygur autonomous region, after work. They are making gains from Rural Taobao, which provides a bridge between urban and rural areas for agricultural products and information. PHOTOS PROVIDED TO CHINA DAILY

of rural affairs for Alibaba, said the company is currently losing money on its Taobao village programs, since large investments are needed to build e-commerce centers throughout China.

The company's Rural Taobao arm is training assistants in villages and building logistics branches in rural areas, said project manager Li Tianyu. It is also promoting agricultural products on the front pages of online shopping websites, providing unsecured loans for farmers, and analyzing big data to provide feedback to help farmers to improve production efficiency, said Li.

As of March 2017, the company had established a presence in 600 counties, covering 30,000 villages in 29 provinces or provincial-level regions.

According to the NDRC-ADB report, many farmers face difficulties in learning how to market their products online.

"They get used to interacting with the people they are familiar with in the transactions and sales of their products, but in e-commerce they are facing a kind of intangible customer," said Wang Libin, professor of rural development at China Agricultural University and team leader of the NDRC-ADB research.

"They cannot actually see them or talk to them, so it is different from their old way of selling. They don't know how to attract customer visits to their online stores."

Although a new food safety law was enacted in October 2015, requiring that anyone selling food online, except for unprocessed agricultural products, must have a license, the need for such



Workers pack preserved duck eggs for online sales at Chuda Duck Industry in Yicheng, Central China's Hubei province.

certification has been an obstacle for small farmers who want to sell online.

The NDRC-ADB report said the problem of licensing nonstandard food is "very prominent in Gansu and Yunnan provinces".

It added that "the traditional workshop-style process will be replaced by factory production, which will have a huge impact on traditional locally processed specialty food. It is very difficult to maintain the original taste and flavor of the food."

Lan Haitao, co-author of the NDRC-ADB report and an agricultural economics expert and senior researcher at the Institute of Industrial Economy and Technical Economy, a research institute affiliated with the NDRC, said the government needs to at least double its current investment in rural infrastructure.

Council, China's cabinet, called for a quadrupling of rural e-commerce sales by 2020.

The Dec 13 executive meeting of the State Council focused on projects that will support the development of new business entities in agriculture. Tax and financial preferences, land policies and training programs will be drawn up to cultivate new types of professional farmers and spur entrepreneurship and innovation in rural areas.

The Ministry of Agriculture followed up by announcing it will help new agricultural businesses with financial support and will train more than 1 million farmers in business and entrepreneurship skills.

Despite the obstacles, experts remain bullish on e-commerce's role in raising incomes and creating opportunities in rural areas.

Jan Hinrichs, a natural resource economist at the ADB who is the point man for the bank's e-commerce loans in Northwest China's Gansu province, is optimistic about the prospects for e-commerce-based agriculture there.

"One of the obstacles is the logistics challenge," Hinrichs said. "You just have to reduce delivery times. But, then, the advantage is that you have special products — you have special nuts, you have millet, you have apples of a special sweet taste that come out of these climates."

"They may not receive the same revenues as on the east coast anytime soon ... but it will slowly improve."

Liu Xuan and Yan Dongjie contributed to this story.

Rural Taobao yields benefits for farmers by analyzing big data

Branch of online shopping giant Alibaba builds e-commerce bridge between the countryside and urban areas for products, information and logistics

By SU QIANG and YAN DONGJIE

Farmers in a village in East China's Jiangxi province place more than 800 orders each month for items of daily use, appliances and agricultural tools from places all around China, with the help of one couple.

Zhong Hua and his wife have been working in the 20-square-meter service center in the village of Xieyun since September 2015, when Alibaba, China's biggest online shopping website, started Rural Taobao in villages in Ruijin, Jiangxi.

"Farmers not only save money but also reach out for stuff they couldn't get easily, as well as enjoy the convenience brought by logistics," said Zhong, a Rural Taobao assistant in his 30s.

Zhong cited the example of a washing machine, which previously would cost villagers nearly 3,000 yuan (\$477) and require them to make an hours-long trip by bus to a store in the nearest city. But now, they can find one of the same quality for no more than 2,000 yuan on Rural Taobao.

"A difference of hundreds can be significant for farmers," said Zhong. He applied to become a Taobao assistant when he saw the recruitment notice, realizing the importance of the Internet to farmers, especially the power of an online shopping website when promoting and selling agricultural products. He said he gets a small portion of the value of the orders that he helps villagers with, earning more than 4,000 yuan each month.

"When the service center first opened in Xieyun, villagers laughed and some even predicted that it wouldn't last for more than one month," Zhong said, adding that farmers initially believed that goods purchased online were mostly fake and could not be trusted. "But now, their knowledge on that has grown rapidly."

Nearly 60,000 Taobao assistants such as Zhong are working in nearly 30,000 villages around China, helping millions of farmers not only get to know more about purchasing online, but also sending their products to hundreds of millions of buyers from cities, according to Li Tianyu, a project manager of Rural Taobao.

"We are not pushing to send people to the countryside. Instead, we pour energy into the rural market, attracting talent to the villages themselves," Li said.

It is part of a project to promote the rural service of Alibaba Group, the Chinese e-commerce, retail and technology conglomerate. Cooperating with local governments and based on Internet infrastructure, Rural Taobao, a branch of Alibaba, is building the bridge for products and information between urban and rural areas, taking industrial products to the countryside from the cities, and providing agricultural products from rural areas to cities.

In addition to training Taobao assistants in villages, measures taken include building logistics branches in rural areas, promoting agricultural products on the front pages of online shopping websites, providing unsecured loans for farmers to improve production, and analyzing big data to give feedback to farmers on how to boost production, Li said.

Wang Wei, a project manager at the agricultural development department of Rural Taobao, said specialty fruits such as dragon fruit in the southern island province of Hainan, passion fruit and kiwi in East China's Fujian province, navel oranges in Chongqing in the southwest, and peaches in East China's Zhejiang and North China's Hebei provinces, have found their way onto Rural Taobao.

The platform made it possible for nearly 1 million kilograms of apples from Aksu prefecture in Northwest China's Xinjiang Uygur autonomous region to be sold in half a day through Rural Taobao.

Liu Jingwen, also in his 30s, operates the popular online store Vizdan, which opened a special page on Rural

60,000
assistants

The number working in nearly 30,000 villages, promoting Taobao online services to farmers

115
contracts

Number of Aksu apple farmer families who signed with Vizdan in 2017 to sell their fruit on Taobao

450
million yuan

Value of agricultural products sold on Rural Taobao on Singles Day by villagers in 29 provinces

Liu joined a Xinjiang aid project seven years ago and ended up helping to sell fruits and nuts grown by local farmers. From walnuts to dates and apples to melons, Vizdan offers more than 20 kinds of agricultural products from the Xinjiang region and receives tens of thousands of orders monthly.

Liu saw how Aksu apples became known and welcomed around the country in recent years, since Aksu prefecture, located near the Taklamakan Desert, has little rainfall but much sun, which contributes to the high sugar content of the apples.

"The farmers, however, didn't have access to more buyers. Nor did they have technical support to upgrade the products. They don't speak Mandarin, and some of them still don't use cell phones," Liu said, adding that the villagers used to earn less than 3,000 yuan per household per year, which is below the poverty line.

In 2017, Vizdan signed contracts with 115 Aksu apple farmer families, selling their apples on Taobao — which doubles the farmers' annual income — and providing technical support that improves the quality of the fruit, Liu said.

Villagers in 29 provinces around China sold more than 20 kinds of agricultural products on Rural Taobao for 450 million yuan on Singles Day on Nov 11 — up from nearly zero three years ago, said Li Tianyu, the Rural Taobao project manager.

"Farmers usually plant their own crops. They don't know how to promote their special products or pay attention to the quality of the products, not to mention branding," Li said.

A team from Rural Taobao went to a rice-producing area in Northeast China's Heilongjiang province, where farmers used to apply pesticides on a large scale and sell the rice without nice packaging.

"Wuchang is known for its loamy soil, abundant water and suitable weather for rice planting, which contribute to the rice's soft and sticky feel and pleasant smell. But the locals didn't notice the advantage, and the price used to be 6 yuan per kilogram," said Li. But Wuchang rice is now one of the most popular types on Taobao, and the price has reached 30 yuan per kilogram, Li added.

Contact the writers at suqiang@chinadaily.com.cn and yandongjie@chinadaily.com.cn