



E-commerce Development and Poverty Reduction in Rural China

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- Digitalization has become an important driving force for rural transformation, for E-commerce:
 - the number of internet users and rate in rural area keep growing.
 - the (rural) online business is increasing, creating a lot of platform, entrepreneurs including big firm (Taobao, DJ, Pinduoduo), and SEMS, job opportunities .
- China compromised eliminate rural poverty by 2020, mainly through rural economy development.
- How E-commerce role in poverty reduction and what happen in remote, poorest counties?

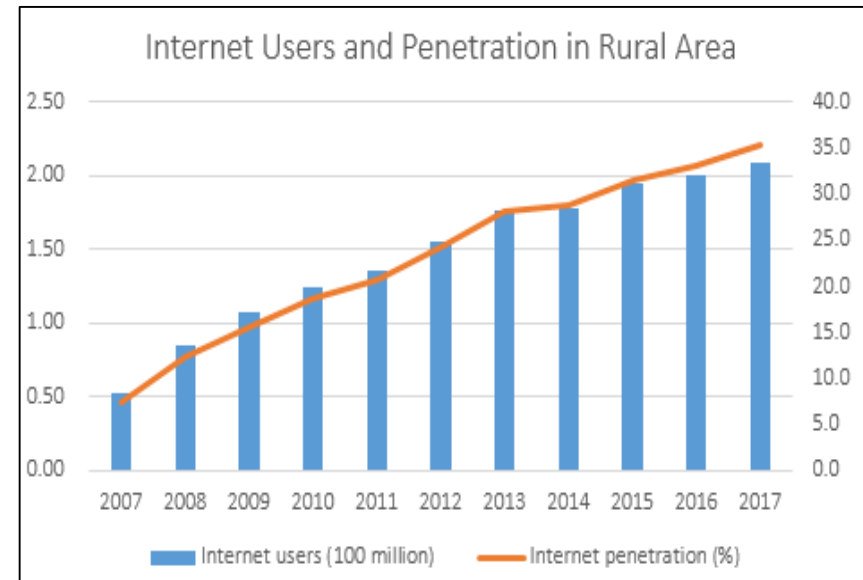
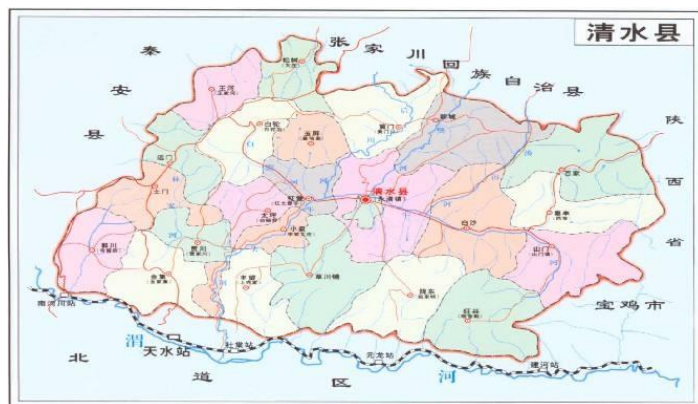
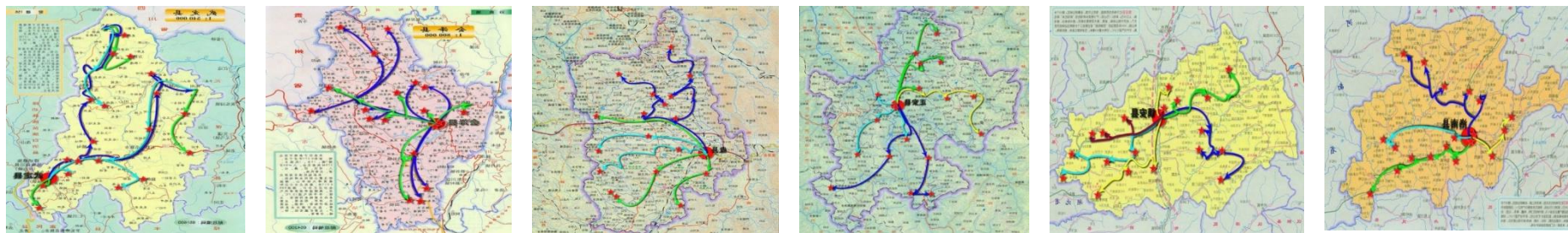


Figure 1: Internet users and penetration in rural area
Data source: CNNIC

Household survey



- The Survey conducted in 2010, 2012, 2015 and 2018, covering 1564 rural households of 130 villages in 7 counties of 4 provinces in west part of China.
- Adding one modules in the questionnaires about internet access and online activities in 2015 and 2018 round survey.

Findings in the village level

- **96.9%** of 130 sampled villages can access to internet in 2018, comparing with 43.0% in 2010.
- **96.2%** of 130 sampled villages had been covered by 4G signals in 2018, comparing with 49.2% in 2015

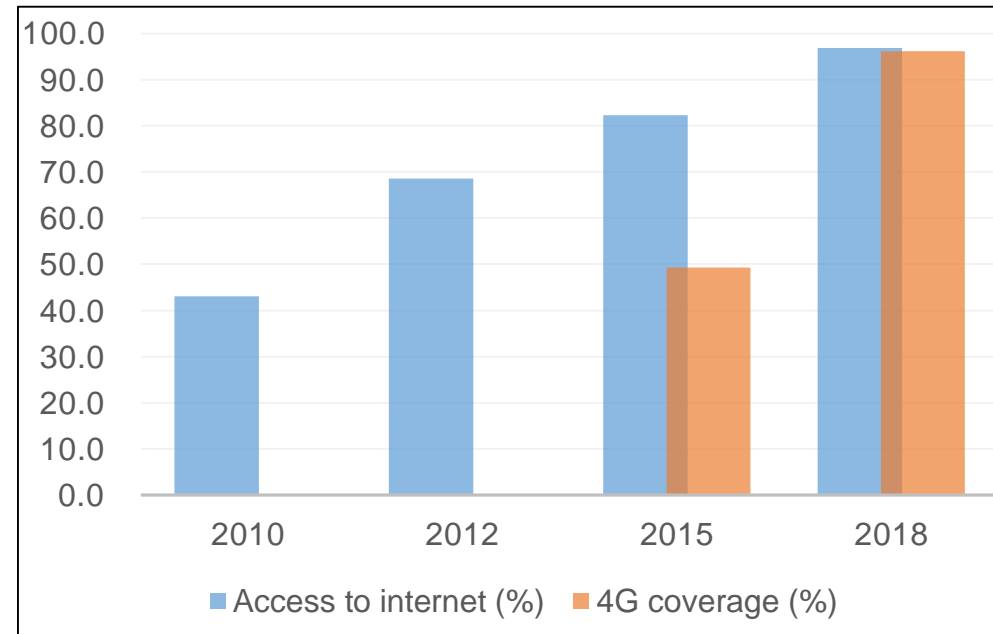


Figure2: Internet access and 4G coverage in sampled villages

Findings in the village level

- 50% of the sampled villages had e-commerce service centers in 2018, and **21.5%** by Taobao
- **46.2%** of the sampled villages had farmers participating in e-commerce training

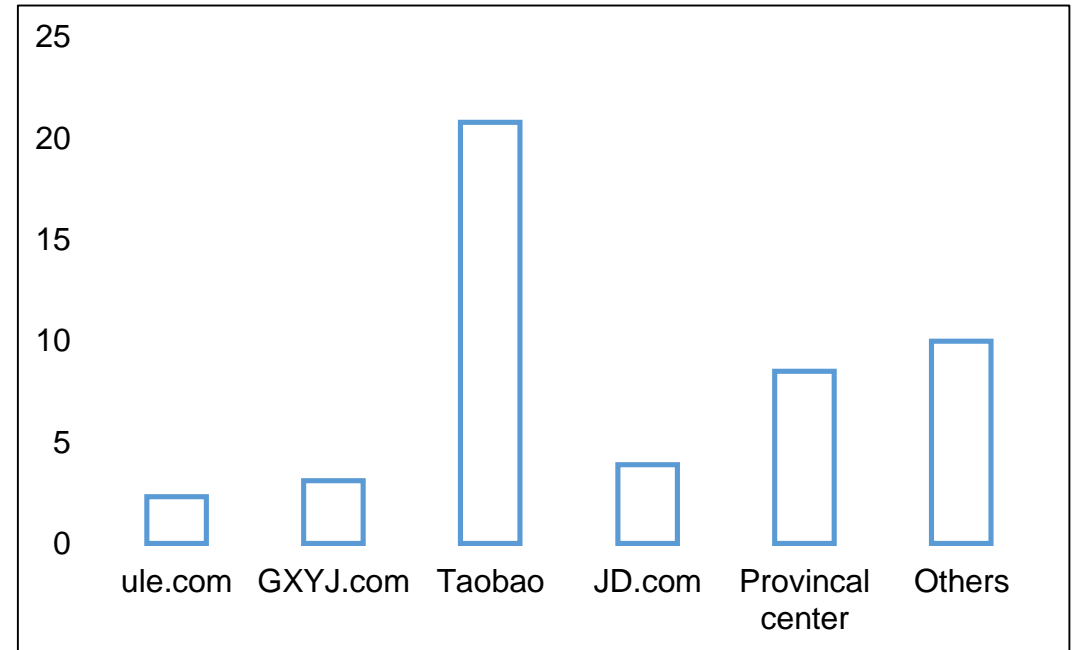


Figure3: Service centers of different e-commerce enterprises (%)

Findings in household level

- **34.2%:** indicated that there were farmers in their villages selling products online
- **17.7%:** believed that online sales could promote the development of the competitive industries in their villages
- **15.4%:** believed that the biggest difficulty in conducting e-commerce activities was that there were no competitive products in their villages

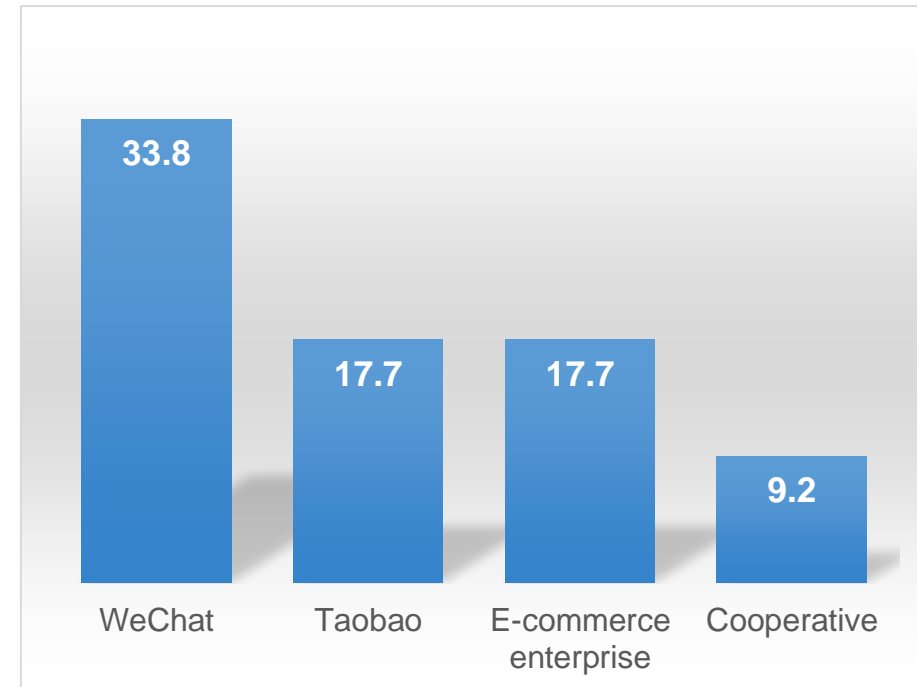


Figure4: Diverse channels to sell products online (%)

Findings in household level

- Mobile phone: **2.2%** (no mobile phone in a household); 38.6% (one); 39.9% (two ones); 19.3% (at least three ones)
- Smartphone: **24.2%** (no smartphone at all); 26.8% (one); 30.2% (two ones); 18.8% (at least three ones)
- The average cost per smartphone in a household was 927 yuan (about 130 US dollars)

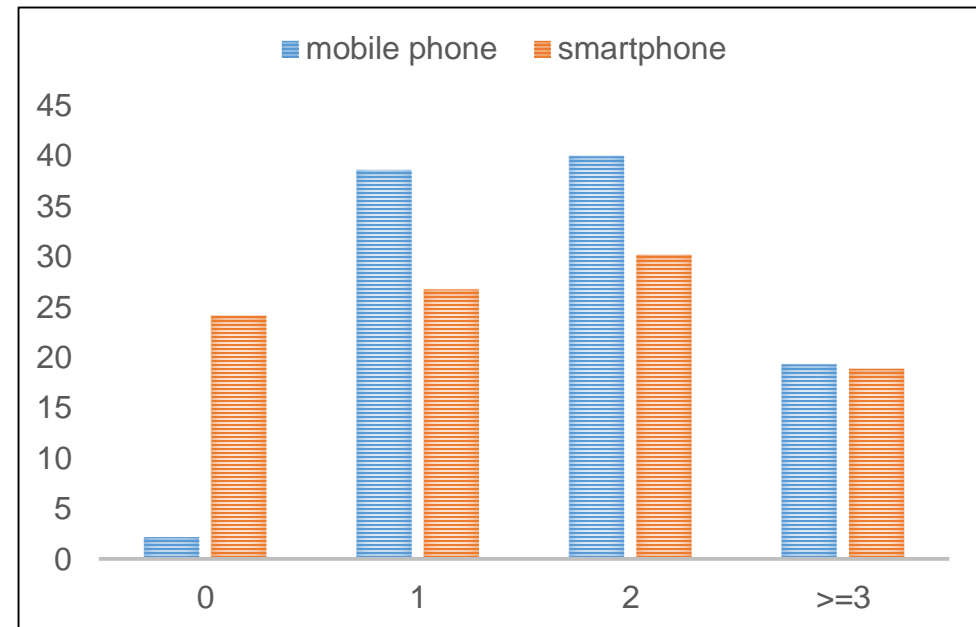


Figure5: The number of mobile phone and smartphone in a household in 2018 (%)

Findings in household level

- 52.6% of 1564 households (822 households) had access to internet
 - Among them, **23.60%** were poor; **60.10%** believed that they had fast speed internet; **96.23%** used mobile phones to surf the internet
 - Among them, instant messaging (**90.8%**); entertainment (**62.5%**); information acquirement (**47.6%**); shopping (**38.2%**); payment (**24.7%**); learning (**5.4%**); finance (**4.1%**); sales (**3.4%**)

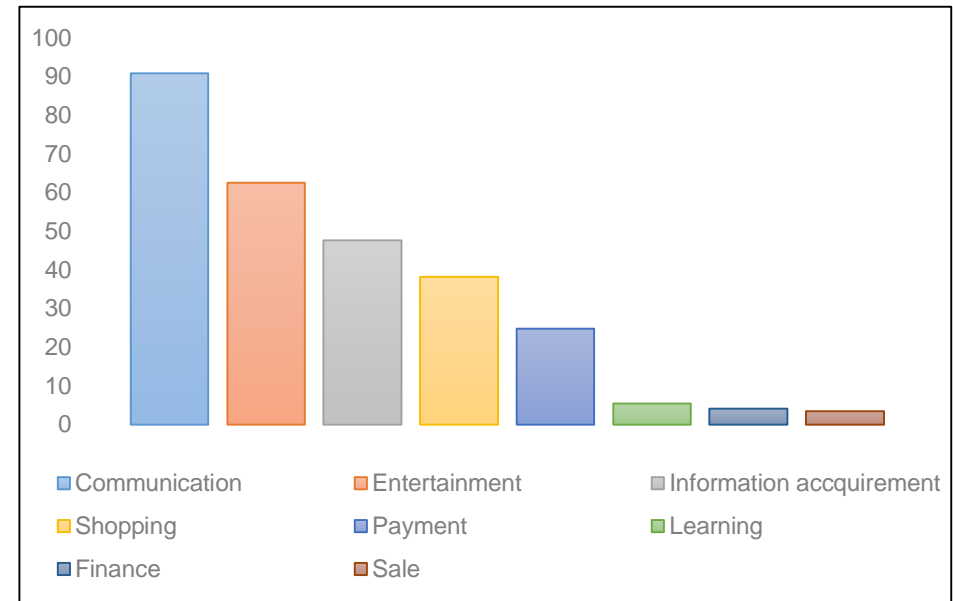


Figure6: The main activities of households when they surf the internet in 2018 (%)

Findings in household level

- **3.4%:** farmers sold products online directly , including tea, walnuts, apples, onions, potatoes, ham as well as silverware, cosmetics and baby products
- When farmers were asked why they didn't sell products online, the main answers were no technical skills on online sale (**46.7%**), never heard of online sale (**32.2%**), no interest in online sale (**20.4%**)

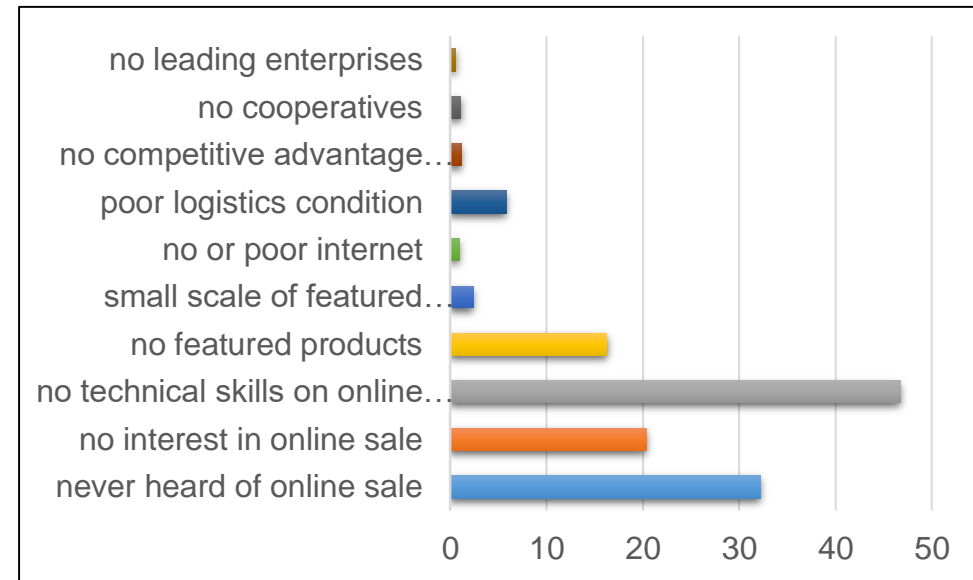


Figure7: The main reasons why farmers didn't sell products online (%)

Challenges and policies :

- Human capital: talent farmers, youth, internet and smart phone VS who left in poor villages, old, women and kids, ethnic language(training, e-commerce training, using smart phone; youth back home run E-commerce shop)
- Products: raw corn, wheat, rice? VS processed +package; competitive or unique products? (processing factory and simple technology), safety (standards and organization)
- Organization: farm cooperative, firms, communities (encourage organized)
- Transportation: remote area and high cost.

- Current situation: 14:1, buy more and sell less, long way to go
- poverty reduction in remote poor village, possibility to reality, not only one solution, not the single solution
- Cross-border value chain and E-commerce, from Africa and other countries to China

Thank you!

