

Cainiao expanding logistics network overseas

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Cainiao Group, the logistics arm of Chinese technology heavyweight Alibaba Group Holding Ltd, is boosting its overseas logistics network and accelerating expansion abroad to meet the growing demand for faster and more reliable delivery services globally.

Wan Lin, CEO of Cainiao, said the company will start developing its second batch of global e-commerce logistics hubs, or e-Hubs, with the aim of creating a shared infrastructure that will support all e-commerce platforms, merchants and brands to sell both online and offline worldwide.

Wan made the remarks during the 2024 Cainiao Smart Global Logistics Summit, which opened on Tuesday in Hangzhou, Zhejiang province.

Cainiao's latest initiative is part of its global strategy to strengthen its end-to-end logistics capabilities and achieve its long-term goal of global deliveries within 72 hours.

He said the expansion is a vital step in enhancing its international express deliveries, overseas local delivery services and supply chain capacities.

Cainiao operates over 800,000 square meters of overseas warehouses and provides services in 18 countries and regions. It is speeding up its push overseas, offering local express delivery services in 10 countries and regions across the globe.

Furthermore, its latest L4 autonomous vehicles are officially on sale and set for large-scale deployment on public roads to facilitate parcel deliveries between delivery and pickup stations.

L4 autonomy means vehicles can drive themselves in most conditions without a human backup driver.

Cainiao has invested heavily in the research and development, and operation of unmanned delivery vehicles since 2016, aiming to boost last-mile delivery efficiency and cut operational costs for courier stations.

"In the next three to five years, we expect over 200,000 unmanned vehicles to be deployed in the logistics industry, which will further drive technological advancement and cost reduction across the sector," said Li Qiang, chief technology officer of Cainiao.

Li said autonomous vehicles have achieved commercialization

and large-scale application in the logistics sector.

Cainiao, he added, will bolster the development and transformation of the logistics industry by leveraging its strengths in intelligent technologies covering artificial intelligence and autonomous driving.

"Alibaba is fully supporting Cainiao's global expansion to build a logistics network that meets future industrial and supply chain needs," said Joe Tsai, co-founder and chairman of Alibaba, and chairman of Cainiao Smart Logistics Network.

By integrating AI-driven innovations, Alibaba encourages Cainiao to build a logistics network that serves the open market, addresses diverse customer needs and acts as a shared infrastructure for global business partners, Tsai said.

Cainiao is enhancing cross-border logistics capabilities, pledging to deliver global parcels within five working days. The service has expanded to 14 countries, including key markets such as Europe, the United States and the Middle East.

Zhang Zhouping, a senior analyst on business-to-business and cross-border activities at the Internet Economy Institute, said Cainiao's plans regarding global logistics infrastructure align with the current development trend of cross-border e-commerce, and lay a solid foundation for Alibaba's expansion in international markets.

Highlighting the significance of delivery in cross-border online shopping, Zhang said establishing logistics infrastructure abroad, like overseas warehouses, and deploying unmanned delivery vehicles will help improve delivery efficiency, reduce the operating costs of online retailers and bolster the growth of cross-border e-commerce.

The adoption of autonomous delivery vehicles can potentially reallocate couriers' working time by releasing them from parcel delivery and giving them a chance to spend more time on customer service and maintenance of vehicles, said Lu Zhenwang, CEO of Shanghai-based Wanqing Consultancy.

Compared with traditional practices, unmanned deliveries feature lower delivery costs and greater safety records, as well as address some challenges, including rising labor costs and a shortage of couriers, Lu said.



An employee sorts packages at a Cainiao logistics service station in Fuyang, Anhui province, in June. WANG BIAO / FOR CHINA DAILY



A bank employee addresses customer queries on home loans in Haian, Jiangsu province, in July. XU JINGBAI/FOR CHINA DAILY

Housing market hopeful of mortgage rate cuts

Widening gap between new, old home loans boosts expectations

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China's housing market expectations for a further decline in existing mortgage rates have turned stronger, real estate industry observers said on Wednesday.

That is because mortgage rates for individual homebuyers continue to decline. In addition, the interest rate gap between existing and new home mortgages continues to widen. This situation, therefore, calls for more measures to turn expectations into reality, they said.

Experts noted that changes in the situation will depend on the willingness of both borrowers and lenders to embrace a new market dynamic. Another key factor is whether or not related policies can help turn expectations into reality, they said.

According to data compiled by China Real Estate Information Corp, a market observer, the average loan interest rate for new homes in 30 key cities is 3.21 percent, while that for second homes is 3.53 percent. Both the rates have declined 0.6-0.7 percentage point in comparison with the levels recorded at the beginning of the year. Some cities even reported a decline of up to 1 percentage point.

Zou Lan, head of the monetary



Amid constant cuts to deposit interest rates, maintaining home loan rates at high levels is not a cost-effective choice."

Li Yujia, chief researcher at the Guangdong Planning Institute's residential policy research center

policy department of the People's Bank of China, said during a news conference last week that the central bank's efforts to lower financing costs have paid off as the prime interest rate of one-year loans fell by 0.1 percentage point and that of five-year loans slid by 0.35 percentage point, bringing down the average loan interest rate.

"The widening gap between new home loans and those issued before finally led to a rational expectation for a corresponding rearrangement to close the gap," said Li Yujia, chief researcher at the Guangdong Planning Institute's residential policy research center.

"Amid constant cuts to deposit interest rates, maintaining home loan rates at high levels is not a cost-effective choice," Li said.

Li recalled that a notice issued by the central bank in August 2023 stated that first-time home loan borrowers can find relevant financial institutions and apply for replacement of their existing mortgages at more favorable rates.

"But this scenario can be achieved only by the agreement of both the borrower and the lender," Li said.

Yan Yuejin, deputy head of the Shanghai-based E-House China R&D Institute, said expectations for adjustments to existing home loans are reasonable, as many homebuyers are facing a tight budget at the moment.

"If the rates do fall, it will not only reduce the homebuying costs for existing homeowners, but also boost consumption because of the lowered monthly home mortgage outgo," Yan said.

Chen Sheng, president of the China Real Estate Data Academy, said any decline in interest rates of existing home loans will alleviate the pressure on homeowners to some extent, but may also affect commercial banks' revenue.

"Therefore, while we would welcome any cut to mortgage costs for homeowners that could drive consumption, a balance should be struck between lenders and borrowers," Chen said.

Exporters ready for big annual ASEAN fair

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Business leaders from China and economies involved in the Association of Southeast Asian Nations are expected to further strengthen cooperation at the upcoming 21st China-ASEAN Expo to be held from Sept 24 to 28 in Nanning, Guangxi Zhuang autonomous region.

The expo will focus on the theme of advancing the building of version 3.0 of the China-ASEAN Free Trade Area and promoting regional high-quality development, the Ministry of Commerce said during a news conference in Beijing on Wednesday.

More than 3,000 companies are expected to attend the expo, which will see its total exhibition section reach nearly 200,000 square meters. Malaysia will serve as the country of honor for this year's event, said the Guangxi government.

"China and the ASEAN have been important partners, with broad common interests in sharing super-large markets, leveraging complementary economic advantages and rationally allocating resource elements," said Li Fei, vice-minister of commerce.

"The scale of goods traded between the two sides has continued to expand, while services trade and mutual investments have been flourishing. China will continue to expand trading of advantageous agricultural and industrial products with the ASEAN, and actively increase the imports of characteristic products from the ASEAN," Li said.

He added that industrial and supply chains of the two sides have been deeply integrated, and the economies involved in the Belt and Road Initiative have continued to strengthen cooperation.

China has been the ASEAN's largest trading partner for 15 consecutive years, and the ASEAN became China's top trading partner in 2020, surpassing the European Union. Last year, the trade value between China and the ASEAN reached \$911.7 billion, said the Ministry of Commerce.

In particular, the value of bilateral trade between China and ASEAN countries such as Vietnam, Malaysia, Indonesia, Thailand and Singapore exceeded \$100 billion each last year.

In the first seven months of this year, the value of trade between China and ASEAN came in at \$552 billion, up 7.7 percent year-on-year, accounting for 15.8 percent of China's total two-way trade during the period.

This year, the expo will invite attendees from more countries outside the ASEAN region, such as the Gulf states. The United Nations Industrial Development Organization will attend the expo for the first time, the Guangxi government said.

During the expo, China will highlight cooperation with the ASEAN in emerging industries such as digital economy, new energy vehicles and photovoltaics.

In the past few years, some distinctive products of the ASEAN region have entered the China market through the expo, including Vietnamese coffee, Malaysian durians, Thai fragrant rice and Laotian beer.

Minmetals-Qinghai JV to enhance China's role in lithium chain

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The joint venture agreement between China Minmetals Corp and Qinghai province to tap major salt lake resources marks a critical step in advancing China's lithium resource development, particularly in response to global battery industry demand, said industry experts.

The establishment of a major salt lake group in Qinghai reflects China's efforts to reduce dependence on foreign lithium supplies, especially in the face of growing global demand for lithium driven by the expanding electric vehicle and battery sectors, they said.

The agreement signals a significant

boost in technological and financial capabilities for developing China's abundant salt lake resources, which also aligns with the government's strategic priority of enhancing domestic resource security, said Ma Yingqiong, a senior analyst covering metals and supply chain materials at Rystad Energy, a market observer.

"China's salt lake enterprises have been committed to the development of salt lake brine resources in recent years, as the content of lithium element is rich in China's salt lake resources."

Lithium is a key metal used in battery production for the EV industry, as well as power storage facilities used in the wind and solar power sectors. Much of China's lithium

resources are sourced from salt lakes in Qinghai and the Xizang autonomous region.

The commercialization of lithium extraction from salt lakes, however, has been slow, in view of the geographic and environmental restrictions and technical barriers. Ma said he believes CMC, which is a leading mineral development enterprise with rich technical experience and financial strength, can promote the development process of lithium extraction from salt lakes.

CMC said that with Qinghai's advantages in salt lake resources, the company will fully exploit its strengths while sharpening its edge in resource development and utilization.

According to Rystad Energy, there are two main forms of lithium resources in the world — the ore resources such as spodumene and lepidolite and brine resources in salt lakes. In the past few years, the development of lithium resources in countries around the world has been very mature.

Establishment of the JV comes as global competition for lithium intensifies. While Australia, Argentina and Chile have long been dominant in lithium production, China's focus on its domestic salt lakes represents a strategic shift to secure lithium supplies within its borders, Ma said.

Some ore mines in Australia, for example, see their resource reserves, annual production capacity and

long-term supply agreements as being very transparent, with limited development potential. Argentina and Chile have also established processes for mature commercial development of lithium salt lake resources, she said.

The China Nonferrous Metals Industry Association's lithium industry branch said that last year China imported around 4 million metric tons of lithium concentrates, up 41 percent year-on-year, mainly from countries such as Australia and Brazil.

Though China ranks among the top 10 in terms of lithium ore reserves, its existing resources cannot meet the demand for lithium batteries, leading to partial reliance on imports, said Charlie Zheng,

chief economist at Samoyed Cloud Technology Group.

Chinese enterprises such as Ganfeng Lithium, Tianqi Lithium and Sinomine Resource Group have long recognized the importance of mastering resources, and have been investing directly in Australia, Argentina, Chile and Zimbabwe lithium resources. They have also signed long-term supply agreements with local mining enterprises to ensure stability in supplies.

This move could also reduce the risks associated with relying on foreign lithium producers, many of which are now subject to protectionist policies and geopolitical challenges, said Ma.

"By combining Qinghai's vast lithium reserves with CMC's resources, expertise and international experience, the new entity will help elevate China's position in the global lithium supply chain," she added.