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Report Name: Staying Cool - How New Cold Chains Provide Opportunities for US Fresh Products in China's Cross-border E-commerce

Country: China - People's Republic of

Post: Beijing ATO

Report Category: Fresh Fruit

Prepared By:

Approved By: Emily Scott

Report Highlights:

For the first time, China's leading e-commerce platforms, JD.com and Tmall, successfully imported fresh fruits via the cross-border e-commerce (CBEC) channel. This was partly a result of increased cold-chain availability. Both platforms have established self-operated CBEC cold chain warehouses, positioning themselves to handle more fresh and frozen agricultural imports in the future. Industry experts predict that CBEC cold-chain product imports will significantly drive overall CBEC import growth in the coming years. This report outlines the opportunities and challenges for U.S. fresh and frozen produce in the CBEC market.

Background:

As a special Chinese government program that waives import tariffs and streamlines the customs clearance process for specific consumer-oriented products, cross-border e-commerce (CBEC) provides Chinese consumers more options to acquire authentic imported products at lower cost. For more information on CBEC, please see ATO Beijing’s “[China Cross-Border E-commerce Market Opportunities for US Agricultural Products](#)” GAIN report.

CBEC General Information:

According to recent estimated from the Generation Administration of Customs of the People’s Republic of China (GACC), in the first three quarters of 2024, China’s CBEC import-and-export value reached \$263 billion, a year-on-year increase of 11.5 percent. Despite an overall 0.4 percent decline year-on-year for CBEC imports, the United States is the top source for CBEC imports representing a 16.7 percent of the market, followed by Australia, Japan, Germany, France, and New Zealand. Industry analysis shows that health products, bags and apparel, food and drinks are the major categories that US exports to China via CBEC.

Figure 1: CBEC Import Sources

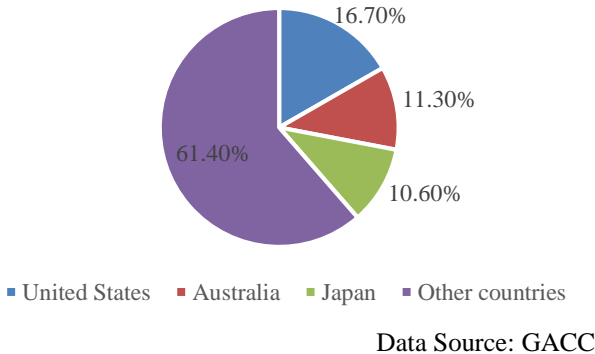
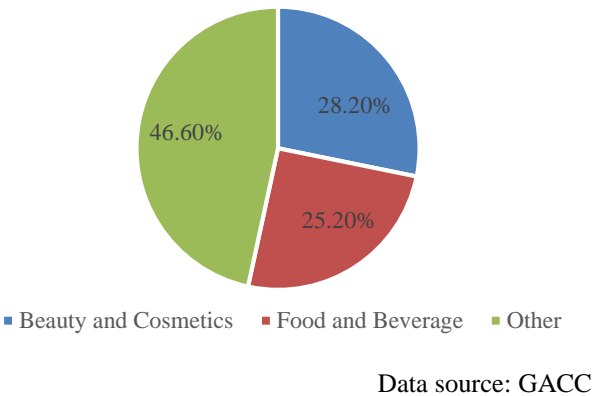


Figure 2: CBEC Import Categories



Among the CBEC import categories, food products take about 25.2 percent, second only to beauty and cosmetics with 28.8 percent. Due to the limited cold chain availability of CBEC warehouses in the past room-temperature food products have dominated food product imports. Since 2022, some smaller platforms started exploring CBEC fresh produce import in small volumes as cold-chain capabilities became available in selected CBEC warehouses. Starting from the second half of 2024, JD.com and Tmall -- the top two e-commerce platforms in China -- made their first attempts at fresh fruit imports via CBEC. Industry experts estimate that CBEC imports of cold-chain products could become the major driver for overall

CBEC import growth in the next few years.

Fresh Fruits Available via CBEC

In August 2024, JD Worldwide (JD.com’s CBEC channel) imported fresh durians from Southeast Asia via JD’s self-operated CBEC cold-chain warehouse in Ningbo, Zhejiang Province. This marked the first attempt at CBEC fresh fruit imports. In December 2024, Tmall Global (Alibaba’s CBEC channel) also launched its first trial order of fresh durian from Malaysia via its CBEC cold-chain warehouse in Changsha, Hunan Province. The two platforms reported that they initially selected durians as these fruits are available year-round, sell quickly, and are relatively physically robust. Following this attempt, the two platforms will further explore importing other fruit and cold chain product categories.





Advantages of CBEC Fresh Agricultural Products Import

Like other categories, CBEC fruit imports enjoy advantages in below the aspects:

- Preferential Taxes: CBEC imports offer zero tariffs and 70 percent of the statutory import VAT and consumption tax.
- Streamlined custom clearance process: As CBEC trade is limited to certain product categories, customs officials may use discretion to clear products with less than complete documentation.

Due to the preferential policies mentioned above, CBEC fresh produce import enjoys lower costs and shorter lead time as compared to traditional trade.

Table1: The Difference between CBEC and Traditional Trade

	CBCE	VS	General Import Trade
 Legal Entity	Overseas business + local endorsement		Chinese local business
Market Entrance Barriers 	Regarded as personal articles with less requirements on registration and labeling requirement		Follow GACC, CFDA and other registrations and requirements
 TAX Tax	Zero Tariff		Normal Tariff
	VAT * 70%		Normal Consumption tax
	Consumption * 70%		Normal VAT
Products Shipments 	Exporter-CBEC Platform-Consumer		Exporter-Importer-Distributor-Consumers

Challenges of CBEC Fresh Agricultural Products Import

- Business-to-consumers (B-to-C) only: Products coming in through CBEC are meant to be sold directly to consumers only while traditionally traded products are brought in bulk shipments and then distributed to online and offline distributors and retailers.
- Limited cold chain availability: CBEC imports can only be stored in approved pilot zones. There are a limited number of CBEC pilot zones with cold chain capabilities.
- New model: This is a novel import channel. Exporters may face issues that platforms and customs have not encountered before.

Opportunities for Fresh U.S. Agricultural Products

- Offsets additional tariffs: Many U.S. food products have strong brand recognition and are sought after by Chinese consumers, however additional tariffs levied on U.S. products have made them considerably more expensive than competitors. CBEC can offset higher cost of U.S. agricultural products by not only waiving tariffs, but also lowering the VAT by 70 percent (e.g., 13 percent becomes 9.1 percent).
- Provides traceability: Many U.S. food exporters have been annoyed with counterfeit products. CBEC imports are traceable, as they can only be transported through specially designed bonded zones under custom supervision. The transaction (i.e., payment and logistics information) must be clear and easily reviewed by customs authorities. The CBEC's traceable system can better protect the authenticity of U.S. agricultural products from counterfeit.
- Strong demand on CBEC platforms: According to JD's data, the United States is the number one source by volume. JD Worldwide has been strongly interested in sourcing more fresh and frozen agricultural products from the United States via CBCE. According to major CBEC platforms, U.S. products are ideal for the CBEC B-to-C model thanks to strong name brand recognition and high consumer loyalty of U.S. products. Fresh fruits, dairy products, seafood and ice cream are the categories with most potential demand.

Market Trends

CBEC was created to meet individual Chinese consumer demand (i.e., for personal use) for imported products. Only products on the positive list can be sold through CBEC. The positive list has been updated three times since 2016, each time to include more products. Industry estimates that more fresh and frozen products varieties, especially frozen meat products might be included in the positive list in the future.

The government sets a ceiling to prevent companies or individuals from taking undue advantage of CBEC's tax policies. According to the latest policy, single orders must be under 5,000 RMB (about \$700) and the total annual order per person cannot exceed 26,000 RMB (about \$3,750). Industry expects that this ceiling might be increased to better promote CBEC development.

Currently, the number of CBEC pilot zones with cold chain capabilities are quite limited, which is one constraint for CBEC fresh and frozen products import. Prior to JD and Tmall's CBEC fruit import, there have been cases of specialized CBEC platforms importing cold-chain products via CBEC, but it didn't raise much attention as trade volume was limited. However, with JD and Tmall, the top two e-commerce platforms involved in CBEC refrigerated products import, it is forecast that the number of CBEC pilot zones with cold chain capabilities will increase further in the future.

Conclusion

Although fresh and frozen agricultural products imported via CBEC is new, it may be an entry point worth exploring, especially for products with considerable consumption in the e-commerce channel. Also, air shipped agricultural products are ideal for CBEC trial orders as the trade volume is more friendly for business to consumer sales. High-value products are also suitable for the CBEC channel as they can enjoy higher tax benefits. In general, CBEC could be utilized as a complementary channel to the tradition trade to enjoy zero tariff and preferential VAT and consumption taxes.

For more information about CBEC opportunities and this report, please contact:

Agricultural Trade Office in Beijing

U.S. Embassy in Beijing

Phone: (86-10) 8531-3950

Fax: (86-10) 8531-3050

atobeijing@state.gov

This office covers Beijing, Tianjin, and Chongqing; Hebei, Henan, Shanxi, Shaanxi, Qinghai, Gansu, Hubei, Hunan, and Sichuan Provinces; Ningxia, Xinjiang, and Tibet Autonomous Regions.

Attachments:

No Attachments.