

How does China Post 's "Delivery Wing" Break the "Big but Not Strong" Dilemma

——with the analysis of international express service along" the Belt and Road"

中国邮政“寄递翼”何以突破“大而不强”困局

——基于“一带一路”沿线国家国际速递业务分析



第一届全国国际商务专业学位创新创业精英挑战赛作品

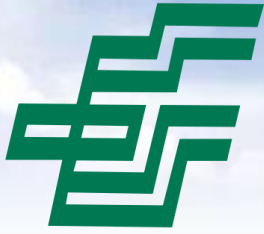
中国邮政
CHINA POST

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Introduction

"The Belt and Road" initiative is intended to build land and sea two-way international radiation space layout and try to build up a transport channel between sea and land, which will undoubtedly give priority to the development of logistics industry. In addition, the development of cross-border e-commerce and the surrounding large economies and population release unprecedented potential logistics demand, which brings great opportunities for Chinese logistics enterprises "going out".

With the advantages brought by the "Belt and Road", China Post Group (China Post for short), as the "national team" of logistics industry, has accumulated rich experience in oversea operation and achieved initiative achievements in the markets along the "Belt and Road", such as introducing e-packet in 9 countries in this area, developing trade with Russia through Harbin, firstly creating CHINA RAIL WAY Express, and cooperating with cross-border E-commerce platforms in the Southwestern Asia. The "One Body and Two Wings" strategy made by China Post promotes the adjustment of its international express service to such national strategies as the "Belt and Road" and "Internet+". On the other hand, faced with the deep-rooted problems of "the last kilometer", the traditional operation mode, the lack of technological innovation, and the slow strategic arrangement, China post is typically "big but not strong". It is representative and typical to be used as a case. This paper studied how China Post will make use of the "Belt and Road" to overcome the "big but not strong" problem and how domestic logistics business will conduct its strategic arrangement in markets alongside the "Belt and Road".

Through the analysis, we find that China Post can locate in promising cross-border e-commerce logistics market. It can make full use of its advantages of ownership, internalization and location, combing the existing market layout, and build a blueprint for the future development according to the characteristics of "the Belt and Road" along the target market. Such as: we should make innovation distributions to solve "the last

kilometer" problem. It is essential for us to work out scientific and effective patterns for selecting appropriate models or cooperating with local firms abroad to adapt to the actual situation in terms of time and locality. Try to inject intelligent logistic thinking. We should link robot, automatic solid warehouse, route optimization system and visualization technology, such as electronic data interchange into posting, sorting, scanning, allocation, distribution, reception and a series of logistics. We should use high-tech to overturn the traditional operation mode, and follow cross-border electricity to create "Internet + international electricity" integrated services platform. It is also urgent for us to converse "Stuck in the past" management thinking to accelerate the strategic layout. It is also necessary for us to use our geographical advantages to make docking window and promote a strategic height, therefore we can zone an international express delivery business operation mechanism. Finally, after giving feasible analysis of the capital security, experience support, the existing foundation and the special location, the feasibility and the practical significance of this case have been enhanced greatly. It is not only aimed at overcoming the "big but not strong" problem of China Post and better deploying the countries along "the Belt and Road", but also providing enlightenment for other domestic logistics enterprises "going out".

Key words: China Post; competitive advantages; competitive disadvantages; external and internal analysis; cross-border E-commerce logistics; “the Belt and Road” (or “B&R”)

中国邮政“寄递翼”何以突破“大而不强”困局

——基于“一带一路”沿线国家国际速递业务分析

简介

“一带一路”倡议旨在构建以我国为核心的陆海双向国际辐射空间布局，积极打造陆海运输通道，这无疑将物流业摆在突出的战略位置优先发展。加之跨境电商的发展和沿线庞大经济体与人口总量，潜在释放量体空前的物流需求，为我国物流企业“走出去”带来巨大商机。

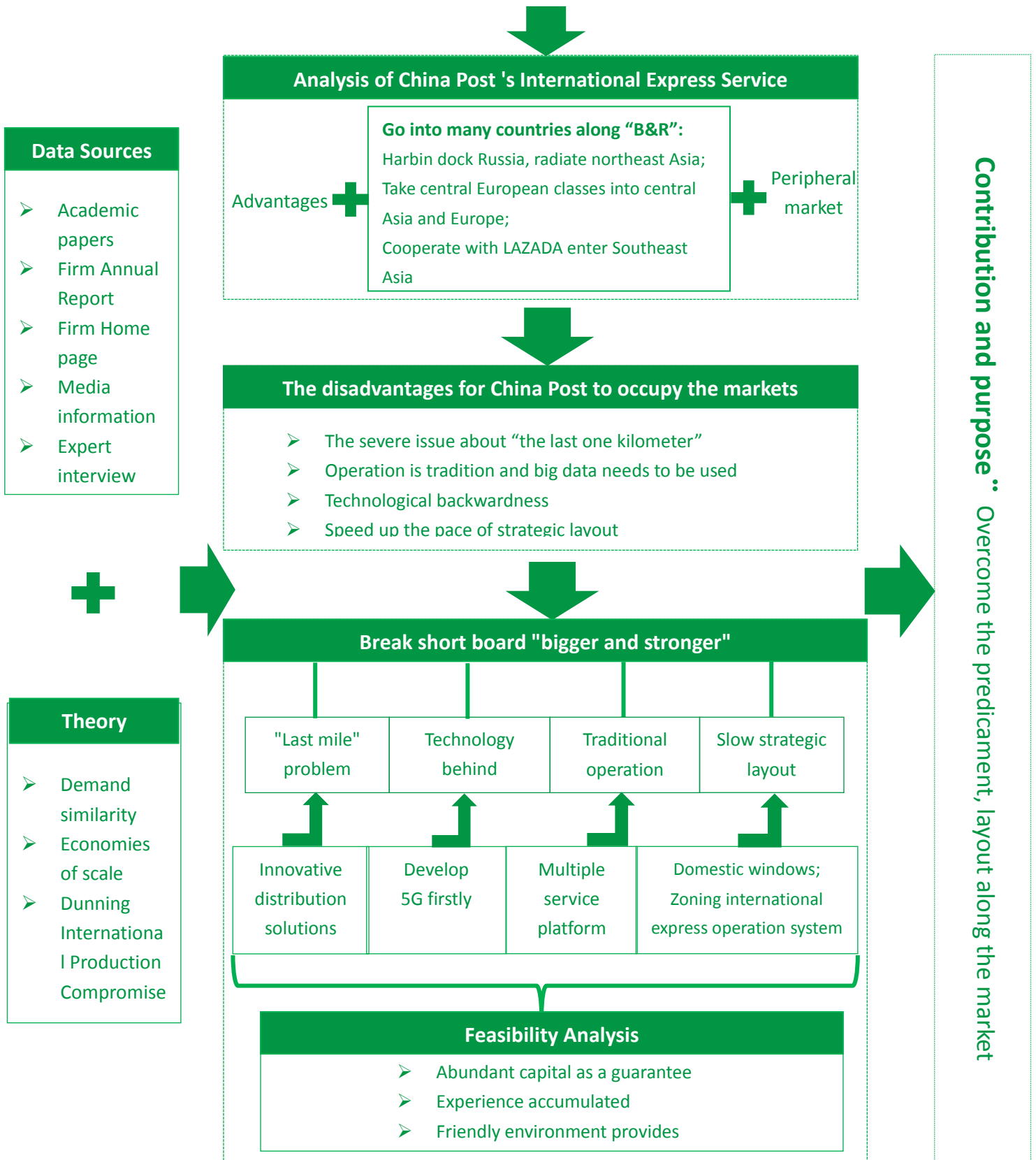
在此战略东风下，中国邮政集团公司（简称“中国邮政”）作为物流业的“国家队”，积累的海外运作经验丰富，且已在沿线市场展开布局并初具成效，包括国际 e 邮宝渗透沿线 9 个国家、哈尔滨对俄窗口建设、首创中欧班列运邮、联手东南亚跨境电商平台等。同时邮政内部新推出的“一体两翼”战略更加速推动国际速递业务与“一带一路”、“互联网+”等国家战略相契合。此外，中国邮政由于自身“最后一公里”问题严峻、作业模式囿于传统、技术创新落后、战略布局迟钝等短板根深蒂固，致使其难逃业内企业“大而不强”的通病，具备案例代表性与典型性。本课题将中国邮政作为典例剖析，研究其如何利用“一带一路”破解“大而不强”难题，以及在此机遇下，国内物流企业如何实现“一带一路”沿线市场的战略布局？

通过分析，我们发现中国邮政可以定位于前景广阔的跨境电商物流市场，利用自身在所有权、内部化、区位等方面的优势，结合目前已有的市场布局，根据“一带一路”沿线目标市场的特点，构建未来发展蓝图，如：创新配送方案解决“最后一公里”问题，做到“因地制宜，因时而异”地选择自营模式抑或是与海外当地企业合作模式；注入智能物流思维，在揽收、分拣、扫描、调拨、配送、签收等一系列物流环节中纳入机器人、自动化立体仓库、投递路线优化系统、可视化技术、电子数据交换等技术，以高科技颠覆传统作业模式；紧随跨境电商，打造“互联网+国际电商”综合服务平台；转变“固步自封”的保守管理思维，加速战略布局，利用区位优势打造对接窗口，并提升战略高度，建立分区制国际速递业务运营机制。最后，我们从资金保障，经验支持，已有基础和特殊区位等方面对蓝图进行可行性分析，增强本案例分析的可行性与实践意义，即是针对中国邮政克服“大而不强”难题，更好布局一带一路沿线国家的方案；又具备普适性，为国内其他物流企业“走出去”供以启示。

关键词：中国邮政；竞争优势；竞争劣势；内外部分析；跨境电商物流；“一带一路”

Thinking structure:

How does China Post 's "Delivery Wing" Break the "Big but Not Strong" Predicament
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作品思路

“一带一路”倡议下中国邮政如何突破“大而不强”困局的探索

——基于“一带一路”沿线国家国际速递业务分析

中国邮政国际速递业务分析

自身优势 + 国际“e 邮宝”广泛渗透沿线国家：
哈尔滨对接俄罗斯，辐射东北亚；
搭“中欧班列”进军中亚、欧洲；
联手 LAZADA，布局东南亚； + 沿线市场

数据来源

学术文献
公司年报
主页信息
媒体资料
专家访谈

中国邮政当前布局短板分析

- ** “最后一公里”问题严峻
- ** 作业模式囿于传统，大数据理念有待注入
- ** 技术创新落后于劲敌
- ** 战略布局步伐缓慢

中国邮政突破短板“做大做强”

最后一公里

技术创新落后

作业模式传统

战略布局缓慢

创新配送方案

抢先布局 5G 物联网

“互联网+国际电商”综合服务平台

设对接窗口，建分区制国际速递业务

理论支撑

需求相似理论
规模经济理论
邓宁国际生产
折衷理论

可行性分析

充裕资本保障
丰富经验支持
有利区位环境

贡献和目的

克服『大而不强』
强势布局沿线市场

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1 Background

1.1 "The Belt and Road" brings opportunities to the logistics Industry

In March 2015, the "Vision and Action to Promote the Economic Development of the Silk Road and the Maritime Silk Road in the 21st Century" promulgated, which means that "the Belt and Road "initiative will be fully rolled out, including policy communication, facilities connectivity, trade, capital integration, people communication concept. This initiative will bring new opportunities for many industries and the infrastructure interconnection can become the priority areas. Besides, in "Belt and Road Forum for International Cooperation" which was hold on the 14th of May, Chinese government signed economic and trade cooperation agreements with 30 countries. All of these laid solid foundation for China Post to open up potential markets.

1.1.1 The logistics industry takes the lead in "the Belt and Road" Initiative

In the implementation of "the Belt and Road" initiative, logistics industry must be the first. "The Belt and Road" itself is a logistics initiative design, by improving the logistics infrastructure to promote economic and trade development. In this way, placing the logistics in a more prominent strategic position is understandable. To do this, China's government put a huge investment and support in the domestic and international logistics system construction. In 2014, the State Council promulgated the "Medium and Long Term Plan for the Development of Logistics Industry (2014-2020)", which called for "accelerating the development of public logistics platform for transportation and logistics" and put forward 12 key projects such as multimodal transport, e-commerce logistics and logistics standardization. And local governments also take an active part in "the Belt and Road" initiative. Anhui Province located in Yangtze River Delta economic sector , for the rapid convergence of the "Silk Road Economic Zone", has opened the freight train connected the new Eurasian Continental Bridge; As the bridgehead of "the 21st century Maritime Silk Road" , Fujian also continues to improve the transport network of railway, highway and airports; As the door of " the Belt and Road" into the sea , Lianyungang is committed to creating two-way opened "Silk Road Economic Zone", integrating transport network system, to create processing and production trade

logistics base. Obviously, the logistics industry in "the Belt and Road" initiative is in the leading position. In this context, China's logistics industry based on land and sea logistics infrastructure will achieve a new height of historical development.

1.1.2 The development opportunity for logistics industry

"The Belt and Road" connected the east, the central and the west of China, forming the two-way international radiation space layout whose core is China's territory. On the land, we rely on the international channel, taking the central city as support, regarding trade industrial park as cooperation platform to build a new Eurasian Continental Bridge, China and Mongolia, China –Central Asia-West Asia, China-Indochina Peninsula and other international economic cooperation corridor; On the sea. we take key ports as a node to jointly build smooth and efficient transport channel and China-Pakistan and Bangladesh-China-India two economic corridors. Logistics industry, relying on the city along the line of land and sea, construct two-way radiation logistics large-scale structure and will meet an unprecedented market opportunity. According to statistics, along "the Belt and Road", there is a total population of about 4.4 billion people, the total economic output is about 21 trillion US dollars accounting for about 63% and 29% that of the world. China has maintained good relationship with these countries along "the Belt and Road". During the period of 2007 - 2016, China's exports growth rate to the countries along "the Belt and Road" has reached 10.34% which led to the growing expansion of the logistics needs on the base of economic and trade cooperation. And logistics market volume becomes unprecedented large. Coupled with the 2016 G20 summit, the information flow, logistics and business flow will highly integrated; and cross-border e-commerce is also become popular. All have brought great business opportunities for China's logistics industry. Under the many kinds of policies, the logistics industry treats the port as a "the Belt and Road" connection point and an important international logistics hub, to create smooth, efficient and convenient international logistics channel, to achieve domestic and international traffic logistics interoperability, to meet domestic and international logistics needs, which will usher huge development in the logistics industry of China.

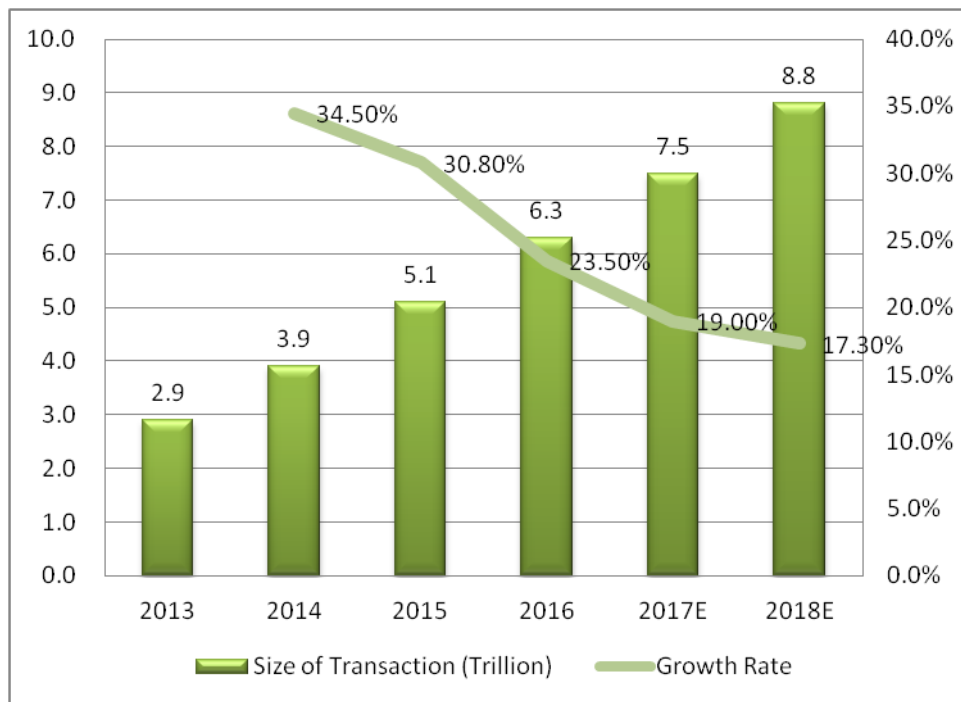


Figure 1:2013-2018The Size and Forecast of Chinese Cross-border E-commerce Trading
 (Source: Ministry of Commerce、General Administration of Customs、Aimei Consulting)

1.1.3 Logistics enterprises’ difficulties of “big but not strong” will be overcome

China has great logistics capacity. Railway cargo volume and turnover, port throughput, road freight, port container throughput, e-commerce market share, high-speed railway and highway mileage rank first in the world, air cargo and express ranking second in the world. According to statistics, in 2014 China's express business volume of 14 billion jumped to the world first and year-on-year growth is 52%.The highest daily handling capacity has more than 100 million. However, under the grand occasion, China's logistics enterprises "big but not strong" problem has existed for long time. The entire logistics industry is still in the low-end and cost-oriented extensive development stage. Few companies have ability to expand into international market .The industry concentration is relatively not high. Nowadays the application of "big data", “material association" and so on has not been universal. While the logistics costs and logistics efficiency in recent years has improved, but still has many problems. According to China's logistics information center statistics, the total cost of social logistics in China in 2015 reached 10.8 trillion yuan, accounting for 16% of GDP (ie logistics efficiency).Logistics efficiency is higher than the United States, Japan,

Germany and other developed countries. And compared with the similar level of development countries, the logistics efficiency is also higher. Such as India for 13% and Brazil is 11.6%. In terms of cost of logistics ,developed countries' cost of logistics only account for 10% -15% of the final cost of finished products while China's logistics costs account for up to 30% -40% of production costs, which undoubtedly weakened the competitiveness of China's logistics industry. Whether the China Post the SF, another four logistics companies, all suffer "big but not strong" problems. In summary, China's logistics industry has not yet formed a large-scale international competitiveness. Logistics behavior is single. Service standards are not unified. The lack of cooperation and exchanges, is becoming a constraint to China's logistics enterprises to the world constraints.

How to overcome the "big but not strong" problem of logistics industry in China? That has troubled us for a long time. However, the initiative of "the Belt and Road" may bring new opportunities. The scale of the economy brought by the unprecedented size of the market, the fierce competition brought by the international logistics giants, the development opportunities brought by the national policy and organizational changes and strategic adjustments made by China Post and SF logistics enterprises to respond to new markets, the above factors make it possible for a large reform. China's logistics enterprises should seize the opportunity of "the Belt and Road" to reverse the "big but not strong" situation and become bigger and stronger.

1.2 The motivation for studying China Post

1.2.1 Overview of China Post

China Post has a long history of hundred years. China Post Express logistics companies has spread into 31 provinces and carry out business in more than 200 countries including Hong Kong, Macao and Taiwan with 26 Boeing 737,757 total cargo aircraft; China post has delivered more than 23,000 vehicles, nearly 23,000 electric vehicles (including three rounds, two rounds) 13 line mail (package), nearly 5,000 self-operated network, about 4 million the daily collection ,10 million pieces in the peak date. In 2015, postal express logistics total income is 28.96 billion yuan, an increase of 3.84%.

As the first domestic logistics industry to develop international express business,

China Post's current international express business mainly includes international express, international correspondence and international parcels, whose international express is divided into international express mail service (EMS), the speed of business and international e-packet, and launched the postal sea outsourcing, the post overseas warehouse, postal cross-border e-commerce information platform. At present, China Post is actively carrying out international express business channels and overseas expansion layout. International e-packet has opened in 32 ways and business growth rate is more than 70% to consolidate the e-mail in the cross-border light delivery market brand status; In the end of 2015, 19 business ports and 9 bonded ports were completed and were put into use with the port clearance capacity significantly improved. Import and export mail, commercial express business volume increased by 70% and 160%; And China Post also cooperated with Amazon, Jing dong and many other large business platform for docking to provide customers with a package of cross-border logistics solutions ;It actively implement the "going out" strategy, setting up branches in Hong Kong and the United States, expanding the postal overseas warehouse, overseas purchase services to the United States, Germany, Japan, Taiwan and other countries and regions, and steadily advance global strategic layout. According to 2015 world top 500 list published by *US Fortune* magazine, China Post Group ranked 143, compared with the previous year increased by 25.

1.2.2 The purpose to choose China Post

"The Belt and Road" initiative brought new opportunities to China's logistics industry, new opportunities for China Post, SF and other logistics enterprises to expand overseas business opportunities. In order to study under the "the Belt and Road" initiative, China's logistics enterprises how to layout market strategies along the line? Logistics companies can take this opportunity to crack the "big but not strong" problem, and how to crack? This paper is under the background of "the Belt and Road" to analyze the international postal service of China Post. By analyzing the competitive advantages of China Post's international express delivery business, the layout strategy, the target market positioning, the internal shortcomings, experience, we hope we could provide some experience for reference to SF, ZTO express and other domestic logistics enterprises.

What is the logic of choosing China Post? The reason is that, first of all, China Post

still suffer from "big but not strong" difficulty and the problem is grim. Although China Post achieves the rapid development of high income and high profits, its per capital output is still at a low level. China Post Group revenue reached 69.64 billion US dollars, an increase of 6%. It is also the first time to overcome the US Postal Service (68.93 billion US dollars) and the German Post (68.36 billion US dollars), ranking the world postal first (Figure 1). However, in terms of per capital output, China Post Group has a total of 938,494 employees in 2015, with an average cost of \$ 74,200 per employee, compared to US \$ 125,000 per capital and US \$ 152,000 per capital (Figure 2). In addition, the quality of service and technology level is also unsatisfactory, which also become the "big trouble" for China Post in the international express business. According to the UPU, World Economic Forum and other institutions, China Post ranked in the bottom, the United States Postal became the first, in terms of the comprehensive post office postal distribution profile, postman work efficiency, public evaluation and other factors in 2015. It can be seen that the problem of "big and not strong" in China Post is also prominent, and it is increasingly becoming an unfavorable factor to curb its development. Through the exploration the way of China's postal, we hope we could provide reference for other logistics companies to solve the problems.

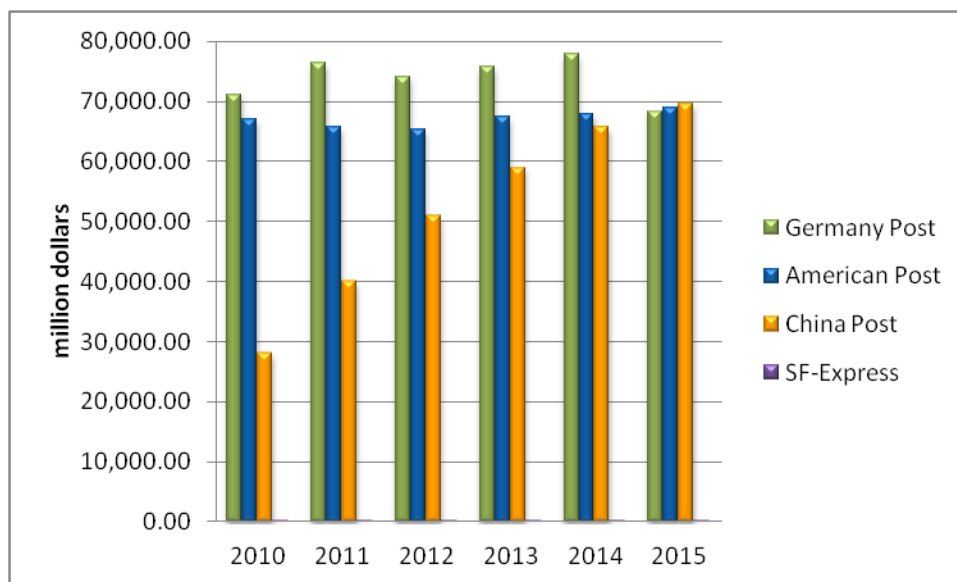


Figure 2: The Comparison of Operating Income from 2010 to 2015

(Source: Fortune Chinese、Wind Database)

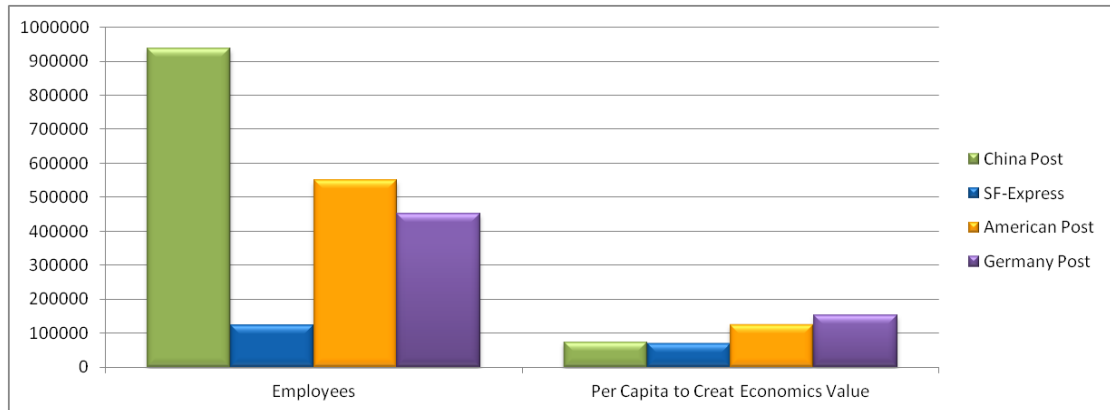


Figure 3: The Comparison of Employee number and Per Labor Create Economic Value in 2015
 (Source: Fortune Chinese、Wind Database)

Secondly, China Post is in harmony with "the Belt and Road" initiative rhythm and has start to layout countries along "the Belt and Road" as the earliest enterprise to go abroad with its accumulated experience of overseas operations and achieved some success. For example, China Post integrated "Universal Postal" global postal network resources and cooperated with eBay, Alibaba, Amazon, Dunhuang, PayPal and other large business platform and launched international e-packet across these countries, successfully in Russia, Israel , Poland, Turkey and other nine countries; To play the geography advantages of Heilongjiang Province, China Post established Harbin International Mail Exchange Bureau which successful carried out construction of cross-border e-commerce business's air and land logistics channel, offered service to Russia, and other northeast Asia countries; China Post chooses Chongqing as a pilot, firstly opening China's international rail transport to enter Central Asia. China Post also cooperated with the biggest cross-border e-commerce platform LAZADA to layout Southeast Asia market. And China Post's earlier measures in Europe and the United States such as overseas warehouse, the postal sea outsourcing, postal cross-border commerce business information platform also make it possible to overcome the "big but not strong" problem and explore foreign market. In the end, China Post has coordinated with "the Belt and Road" initiative and "Internet+" strategy and launch its own strategy "one body and two wings" which place an emphasize to "Delivery Wing" in 2015. It will bring China Post international express business new impetus to develop its own business in foreign market.

1.3 Research design

1.3.1 Reliable data

In order to ensure the reliability and validity of the case study, we have followed the standard of the case analysis to define the source of information, data analysis and other aspects. This paper mainly uses the method of collecting literature and interview experts, tries to expand the diversity of the literature and the diversification of the literature author in the process of using the information source, and tries to construct the complete data chain to meet the requirement of mutual evidence. The data sources of case studies mainly include: (1) Academic literatures. They are mainly from the Chinese academic journals website and the Chinese doctoral and master's theses. (2) China Post Annual Report. Although China Post is not listed, China Post has published its 2007-2015 annual report on its homepage, announcing the details of the company's development, corporate strategy, express logistics, communication and cooperation, postal technology and other relevant information. (3) Public release of information. We retrieved the homepage of China Post Group and reviewed all the information about China Post's "the Belt and Road" initiative, "international express service" and all related terms. (4) Media information. We collect public information in the open media about China Post international express business data and materials, including online media and newspaper media and other information channels, and verify the information from different channels. (5) Experts interview. After interview framework was made, interviews with both professors who are knowledgeable about supply chain and have studied in this field for many years, and experts at Logistics Research Institute were conducted in order to learn the latest information in this industry and the internal development of China Post.

1.3.2 Combination of theory and practice

In this case study, we comprehensively use related international business theories, such as international trade theory, international direct investment theory, corporate internationalization theory, and the demand similarity theory, economies of scale theory, Dunning International Production Compromise Theory. This paper analyzes the advantage, the layout strategy, target market positioning, internal short board,

experience summary of the international express business in "the Belt and Road" initiative , and through the above analysis, we use the international business enterprise international expansion theory as a guide, combine the current development trend of China Post and put forward the future development plan, in order to give SF, ZTO express and other domestic logistics enterprises some experience in the "going out" process.

In the research method, in order to avoid single, we use the combination of a variety of theories and practice them to analysis practical experience of China Post to go abroad from the multi-dimensional aspects. Simultaneously, we use a large number of reliable data to support to make the case analysis more scientific and increase the program's feasibility.

2 Under “B&R”, the theoretical support of China post internationalization

2.1 Theory overview of enterprise internationalization

In the background of “the Belt and Road”, where is the logic of motivation, competitive advantage and location choice for China Post internationalization?

From the classical theory of enterprise internationalization, we can conclude the main reason for enterprise to go abroad is that they can use their own unique resources and capabilities. These resources and capabilities make enterprises can decrease the “Outsider Disadvantage” in host country in order to get advantage in the competition with local enterprises (Dunning, 2008), which also called “Resource-oriented Foreign Direct Investment”. This theory mainly includes Monopoly Advantage Theory, Product Life Cycle Theory, Internalization Theory and International Production Compromise Theory. In 1960s, scholars led by Hymer (1960), proposed the Monopoly Advantage Theory of Enterprise Internationalization. They advocated the unique competitive advantage, such as rich management experience, advance technology and high level of marketing, could make up the unfavorable factors to go abroad and made enterprises successfully go abroad. Based on this, Vernon (1996) integrated dynamic changes into this theory. He thought products have different monopoly advantages in different stages which include innovation stage, mature and standardization stage. So, enterprises would

choose different time and destination to go abroad. For Internalization Theory, Buckley and Casson (1976) thought because of the incomplete market information, there was a transaction cost. Hence, the motivation for enterprise internationalization is to eliminate or overcome the adverse effects of business efficiency which are brought by the external market imperfection. On the basis of predecessors, Dunning (1980) integrated Monopoly Advantage Theory and International Theory and then proposed International Production Comprise Theory. He thought enterprises who want to have foreign direct investment need to meet three conditions, which are ownership advantage, location advantage and internalization advantage. Based on his original Compromise Theory framework, Dunning (1995) took the ability and competitiveness that an enterprise can cooperate with other organization into the scope of ownership advantage. What's more, he also incorporated the institutional factors which influence FDI into his International Production Compromise Theory (Dunning, 2008).

Following with the blowout of enterprises internationalization in sub-developed and developing countries, the above theory also brings out Marginal Industry Theory (Kojima, 1978), Investment Development Cycle Theory (Dunning, 1981), Technological Innovation Industry Upgrading Theory, Technical Seeking Motivation Theory and "LLL" Theory. Among these theories, Technological Innovation Industry Upgrading Theory advocated that developing countries' enterprises internationalization is a process of continuous accumulation of technology. These enterprises' internationalization is related to domestic industrial structure and its own technical capacity accumulation. As a result, they should be based on their own comparative advantages to choose which country to enter (Cantwell,1989). Mathew (2006) put forward. LLL (Linkage- Leverage-Learning) analysis framework. He advocated even though lack resources and competitive advantage, enterprises in emerging economies can still use the opportunity of global economic integration to establish various links. They can also use the leverage effect to learn continuously to obtain resources and gradually accumulated experience in technology, management and internationalization. In this way, they can enhance the ability to participate in global competition. Jin thought that an emerging force lead to enterprises internationalization in developing countries(Jin,2012). Capital flow is influenced by traditional power (making the capital flow to those scarce places) and emerging power (making capital flow to rich countries that produce and export capital-intensive products). When the emerging power occupied

a dominant position, the capital will flow from countries that rely on labor-intensive industry.

In summary, in the developing process of enterprise internationalization, there was a lot of explanations for different enterprises internationalization behaviors in different developing stages. From the behaviors of China Post Internationalization, based on the layout of the surrounding similar market under “the Belt and Road”, this essay chooses the classic International Production Compromise Theory from the above theories to analyze the core competitiveness when China Post carry out “the Belt and Road” market layout.

2.2 The competitive analysis of China Post international express business

Dunning’s International Production Compromise Theory is based on the analysis framework of ownership advantage (O), location advantage(L), internalization advantage(I), which is also called OLI model. So, what are the three advantages of China Post to develop international courier business in “the Belt and Road” market?

2.2.1 Ownership advantage

Ownership advantage is owned by domestic logistics enterprises and other countries’ logistics enterprise cannot get the advantage. “The national team”, China Post has some ownership advantages. Firstly, China Post has a gift in global logistics and it has a global postal network under the framework of the United Nations affiliated special organization called "Universal Postal Union". The framework can help China Post to send items to more than 200 countries and regions and this ability is other logistics companies who are outside the global postal system could not own. Secondly, China Post has accumulated a unique brand. China Post has one hundred history and it is a national enterprise, so its overseas reputation is far better than SF-express, “Four Tong” and other domestic enterprises. Its reputation can compare with foreign logistics giant brand, such as FedEx or TNT and it has an obvious brand advantage. Its sub-brand express business called “EMS”, as the first domestic delivery brand, has developed for 30 years and has a good reputation in global market. What’s more, China Post has a mature international express business product system which includes multi-level

products. Because of these products, China Post can meet customers' different needs. The most important is the International e-packet business has entered into 32 countries and established a great reputation which means it already has a brand effect. Thirdly, China Post has already become the earliest cross-border e-commerce practitioners and has the largest market share in China. Furthermore, it has a significant advantage to develop cross-border e-commerce in surrounding market. China Post is actively cooperating with a lot of cross-border e-commerce platforms, such as eBay, Alibaba, Amazon, Dunhuang and WISH. China Post also rolls out overseas purchase, overseas warehouses and postal cross-border e-commerce platforms to meet the explosive growth in cross-border e-commerce market demand. The cross-border e-commerce integrated service platform which is built by China Post has already attract main cross-border e-commerce plat forms to dock postal information system, such as, eBay, Alibaba, Amazon and so on. Furthermore, the China Post have become the main supplier to famous cross-border e-commerce platform. What's more, China Post' overseas warehouse has been put into operation in America, British, Germany, Australia and other countries. Then, it will also operate in surrounding countries, like Russia. Fourthly, China Post has a strong ability to pass the foreign custom. China Post has a convenience and fast postal through custom channels and more than 50 aviation, land and sea ports. Only in 2015, China Post constructs completely and put 19 business ports and 9 bonded ports into operation which enhance the port clearance capacity. As a result, China Post's business volume about import and export express and business express have increased 70% and 160%. In summary, China Post's international express business exists a considerable ownership advantage under "the Belt and Road" market layout.

2.2.2 Internalization advantage

The motivation of internalization is to avoid incomplete external market, which has an adverse effect to logistics enterprises. Then these enterprises will achieve the optimal allocation of resources and keep maintaining and making full use of the monopoly position of logistics enterprises which have ownership advantage. As we can know, China Post has an internalization advantage. Firstly, China Post has a long history for hundred years and a good brand image, which make the surrounding markets have a high acceptance and a strong willingness to cooperate. Because of these advantages, China Post will decrease the contract signing cost, execution cost, compliance cost and

other operating cost for overseas layout which will achieve transaction costs less than internalized costs. Secondly, there are a lot of policies and regulations that can provide logistics "one-stop" service, such as <Postal Law>, <Long-term Planning for the Development of Logistics Industry(2014-2020)> and so on. These regulations will speed up the speed of customs passing and customs clearance, which will create convenient conditions for the international express business. They will improve the postal international express operating timeliness and provide a guarantee for China Post to seek overseas comparative benefits and achieve profit maximization, which can help China Post to achieve the internalization of ownership advantage. Lastly, China Post has already opened overseas business and set up overseas branches for transnational business. The comparative advantage gained from above advantage is still being effective. And that increases persuasion for China Post's overseas layout internalization advantage in "the Belt and Road" surrounding market.

2.2.3 Location advantage

Location advantage is logistics enterprises possessed advantage when it produces and operates in the host country. China Post can take its location advantages in the surrounding markets. Firstly, in the China Post port mode, its unique port resources can exert location advantages that it is near to "the Belt and Road" surrounding markets. Currently, China Post has 59 international package exchange offices and exchange stations, which located in Hefei, Ningbo, Chengdu, Changsha, Yiwu, Suzhou, Nanjing, Xian,Zhengzhou, Haerbin, Pingxiang, Horgos, Khunjerab¹ and so on. China Post can use each port's geographical advantage. For example, it can use Haerbin to connect Russia and radiate North-east Asia, and it can use Pingxiang to connect Vietnam and radiate South-east Aisa, using Horgos and Khunjerab to connect Central Asia and Europe, using Xiamen and Fuzhou to connect South Asia and South-east Asia, which shows its significant location advantages. Secondly, China Post can use frequent economic and trade exchanges from China to surrounding markets and get help from cross-border e-commerce to dig the huge surrounding market shares. Thirdly, "the Belt and Road" initiative gives some policy convenient for China and surrounding countries,

¹ It is located in the Tashkurgan Tajik Autonomous County of Kashi, Xinjiang, China. It is adjacent to Pakistan. It is a kind of port approved by the state for opening to the outside world. On May 1, 1986, it is open to third countries.

which will offer a good and stable external environment for China Post's "Go globally" strategy. Currently, China has already signed investment agreement with "the Belt and Road" surrounding countries, and has already signed cooperation memorandum to co-construct "the Belt and Road" with 34 countries and has already signed standardized cooperation agreement with 21 countries, which provides a wonderful location advantage for China Post to layout the surrounding markets.

In summary, Dunning's International Production Comprise Theory gives a strong explanation for China Post's competition advantages in the background of "the Belt and Road". Hence, China Post should develop and extend the international express business in the surrounding countries.

3 China Post's "posting and delivering wing" going into countries along "B&R"

As "national team" of the logistics, China Post becomes the champion in the international express delivery business. With the global postal network of UPU's framework, EMS has access to more than 200 countries and regions. In the face of rapid development of cross borders e-commerce market, it becomes the main channel of cross-border delivering market. China Post's production system includes international parcel, EMS, medium speed express, international e-packet, e-express, e-parcel, and other e series products. It also launches overseas purchase, overseas warehouse, cross-border e-commerce market information platform, etc. On this basis, the proposing of "the Belt and Road" brings new historical opportunities for China Post to open up foreign markets. Thus, in addition to depending on UPU, how can China Post layout EMS business in countries along "the Belt and Road"? Can China Post break through the predicament of "big but not strong" at this stage? We will describe it in detail in the following section.

3.1 International e-packet has been widely infiltrated into countries alongside

Since China Post launched international e-packet for the first time in July 2010, it has been cooperated with a host of e-commerce platforms, such as, overseas postal service and eBay, Alibaba, amazon, Dunhuang, PayPal, Lanting Collection of Potential,

Wish, serving more than 20,000 sellers. China Post is gradually developing and promoting international e-packet, which has become one of the first logistics brand that cross-border e-commerce recommended and has broken the history record on scale and quantity of China Post. Based on the operational experience for many years, EMS team sets out to speed up the replication of the pattern of international e-packet. It aims to go into the countries along “the Belt and Road” and penetrate into the market. In July 2014, after the opening of the line in United States, Britain, Australia, international e-packet succeeded to open Russian line, refreshing the record of the service to Russia. It makes no surprise that the parcel will arrive within 7 to 15 working days. The opening of the line allows international e-packet to have easier access to capture a larger number of users, dominating the Russian market. In March 2015, China Post opened the line of Israel, Saudi Arabia and Ukraine routes, designed and developed new business of international e-packet with them. In October 2016, international e-packet broadened the lines with more than 20 countries and regions, including Singapore, Malaysia, Hungary, Poland, Turkey, which alongside “the Belt and Road”. Clearly, there is a very strong momentum that international e-packet are going into these countries. By the end of October 2016, the overall direction of international e-packet went to 32 countries and regions, including nine countries alongside the “the Belt and Road”. All of these can strongly prove that international e-packet are penetrating and deploying in these countries.

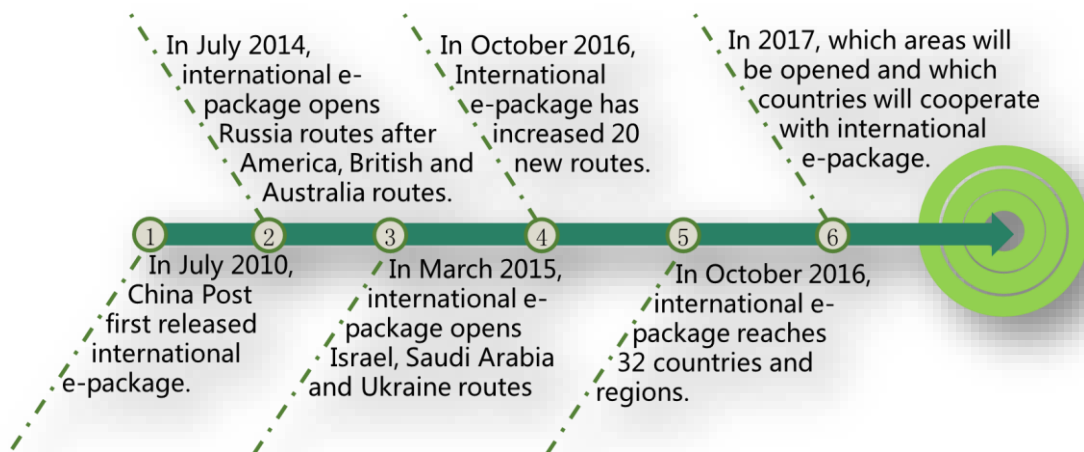


Figure 4: The Development of China Post

(Source: China Post website homepage)

Why there is a very strong momentum that international e-packet is going into these countries? Why does China Post regards it as a part of their strategy? As for small

items for airmail products, international e-packet assembled the advantages of advanced embedded logistics management system, new materials and invoicing system, real-time tracking in the whole process of the query, convenient electronic forecast and the stable entire-time system, providing us with simple operation, stable time limit, the entire visual logistics services. The above characteristics completely accord with the need of international e-commerce delivering market. As we can see, it becomes a powerful tool to open the cross-border electricity dealer market of "the Belt and Road". According to statistics, the volume of international e-packet increased rapidly with 2.67 million from 2010 to 130 million in 2015, with the compound growth rate of 75.4%, accounting for more than 60% in the cross-border small delivering market. Notably, international e-packet has great competitiveness on guaranteeing time and price. In the timeliness, it only takes 7 to 15 working days to deliver goods to Ukraine, Russia, Saudi Arabia, and in other areas, it even contracts to 7 to 10 days. There is no problem of long-time delivering and high loss rate. Compared with DHL and UPS, the posting price is lower. For instance, there is no basic lifting requirement in Israel and the cost is 0.065 yuan per grams, with handling charges 17 yuan per piece. Thus, the freight of one kilogram only costs 92 yuan, while UPS charges 500 yuan. In Ukrain, it merely costs 108 yuan for one kilogram, while SF charges 204 yuan and UPS even reaches 670.44yuan. However, international e-packet's corporation logistics mode between China Post and the destination countries has series problems. China Post can't guarantee the time and destination services have not been around long last mile. Compared with SF's self-operation mode, which has already set up the self-management and the logistics distribution, it is a problem that needs to be solved quickly. China post's "big but not strong" problem remains, which enables it to achieve international market successively, but there is higher risk that it would be merged by other strong rivals.

Table 1: International E-package's Fee and Other Rules

Country	Registration Fee (RMB/Item)	RMB/g	Initial Weight
Israel (non-ebay)	17	0.065	Nothing
Saudi Arabia (non-ebay)	26	0.05	
Malaysia	22	0.05	
Singapore	22	0.05	
Turkey	22	0.065	

Hungary	22	0.065	50g	
Poland	22	0.065		
Ukraine (non-ebay)	8	0.1		
Russia	Non-ebay	10		0.1
	ebay	8		0.1

(Valuation Formula: Freight = registration fee + weight * continued weight price)

(Source: The Official Website of International E-package, Date: 2017-01-03)

3.2 Harbin docking Russia, radiating northeast Asia

Based on the location advantage of Heilongjiang province and the logistics demand of cross-border electricity business between China and Russia, China Post takes full advantage of “the Belt and Road” initiative and the construction of “Economic Corridor” among China, Russia and Mongolia.

At the beginning of the layout, since Heilongjiang province borders on Russia, which has more than 3000 kilometers of the border and 25 ports between China and Russia, China post established Harbin international mail exchange bureau. On constructing the channel, China Post built the "Air way" timely. In 2013, it opened international air parcel post to Russia, setting a precedent to cross-border. China Post made the best use of the circumstances to open land transportation channel. In 2016, they tested the train post road from Harbin to Moscow, and now it is ready to start. In order to pave the air channel successfully, since June 2013, China post has reached a consensus with Russia Post on expanding postal channels. Then, it achieved successful negotiation in opening air passage from Harbin to Ekaterinburg and solved the field problem to draw into the northern electricity logistics warehouse, finally formulating the constructing scheme from Harbin to Russia, setting up special sales department. Everything is ready. On November 7, 2013, we managed to take the first voyage from Harbin to Ekaterinburg, which meant that the air international parcel post road from Harbin to Russian was officially opened. On November 12, 2013, the postal road from Harbin to Novosibirsk opened. In late November 2013, the special plane from Harbin to Ekaterinburg opened, with service covering whole Russia. This innovation solved the problem that it was inconvenient to transfer from the traditional International Mail Exchange Bureau and the transit capacity was limited. The open of Harbin international mail exchange bureau made it possible to squeeze the time from 60 days to 25 days, improving the effectiveness. Harbin mail processing center is a modern production site

with coalition of warehousing, receiving and delivering, sorting and dispatching, customs examination and customer query. It is equipped with the 24-hour opening of the "green channel" for the posting and Russia approved to receive Harbin international parcel mail in Ekaterinburg international mail processing center, being responsible for the mail transport and delivery of Russian territory (24 hours of operation, daily processing capacity of 28000 pieces). The management mode and concept innovation help the air channel a lot. By the end of February 2017, the channel has dispatched 289 special planes, 430 flights, and has shipped international parcel to Russia about 30.7242 million goods, which weighs 6071 tons. In addition, due to the 3 c products which accounts for high proportion in the cross-border electricity fail to meet the air requirements, China Post has to develop stable, rapid and aging land transportation channel in order to make up for the disadvantage. Following China and Russia signed the contract of being response for "the Belt and Road", strengthen cooperation to promote cross-border electricity dealer market development in September 2015, the first trial order products of Sino-Russian railway scheme was transported to Moscow via K19 international passenger train, which meant that land transportation channel construction began. Then, after achieving consensus to use K19/20 train and China-EU freight trains to deal with the international mail transport, in April 2016, K19 international train which loaded 6.1 tons, 295 pieces of electrical items from Harbin to Moscow had a mail test, and it proved that the freight was saved about 3/4 compared with air. Land transportation channels seemed ready.

The success of the Harbin international mail exchange bureau for China Post lies in that it grab its own advantage as a UPU member. Using the accredited international mail exchange bureau, China Post succeeds in implementing the international postal free mail between alliance members. It can directly dispatch to Moscow, Ekaterinburg, Novosibirsk and other cities. On this basis, China Post continually takes advantage to make innovation management system and ideas. By using the industrial chain, which is formed by the post road, China Post achieved win-win results by complementing each other with their own advantages, changing the reverse post in "big but not strong" weak state. At present, China Post tightly started the program of "Russian Urals China overseas warehouse", taking the advantage that Harbin has the shortest distance to go into the northeast Asian and gradually using Harbin international mail exchange bureau to establish collecting and distributing center of northeast city international mail. There

is no doubt that the action that China Post constructs Harbin as windows of Russia's cross-border electricity "bridgehead", reverses the shamble situation that it had been blew by logistics army. With the advantages of adjustment measures and accessible networks, China Post successfully takes back market share on Russia and achieves honor of "national team".

3.3 Traveling by central European trains into new potential central Asia and Europe

Facing the boom of “the Belt and Road” cross-border electricity business, China Post foresees that the traditional international post road which aggregate sea and air is bound to have a limited capacity for shipping and takes a lot of time, and air traffic volume is small and the price is high. So it tries to build the China Europe international railway transportation and open up a cost-effective international post road to fit the international logistics development needs under the background of “the Belt and Road” initiative.

Before this conception, China-EU trains have never been loaded and transported international parcel, therefore, it seems that the idea will face a host of obstacles. Based on this, China Post made a bold trial in cooperation with Chongqing government. Why China Post choose Chongqing? The reason is that Chongqing has the advantage of being located in the join point between “the Belt and Road” and the Yangtze River economic "Y" belt. Besides, the "new Europe" Chongqing railway is the first central European trains and the most mature central trains, with freight volume accounting for nearly 50% of all trains. Together with Chongqing as one of the first pilot city of cross-border electricity across the country, railway transport demand is expanding. Therefore, under the lead of the Chongqing government, China Post to made a first attempt in 2014: testing "new Europe-Chongqing" (from Chongqing to Kazakhstan).After other countries’ response to the new European Chongqing mail idea, China Post discussed with related government agencies to finalize the experiment scheme. After the approval test, in September 2014, central European railway which loaded 94 international parcels started from Chongqing, went through Xinjiang Huoerguosi ports, shipped to Almaty, Kazakhstan. It took over a period of six days, over 4419 kilometers, laying a good foundation for the China Europe international railway transport. Later, China Post took the advantage of Chongqing being the country's first

Europe international railway freight trains, and in September the same year, it hurried to test the whole route (from Chongqing to Germany), which set a precedent and achieved central European trains' first entire mail ship.

The "New Europe Chongqing" trains carried 139 test mails from Chongqing, went through Xinjiang, Kazakhstan, Russia, Belarus, Poland, and eventually to Duisburg, Germany, and then being diverted to Frankfurt mail processing center by car. The whole route took 15 days and 11179 km. Among them, to ensure the test pass for the first time, China Post tries to coordinate with the customs regulatory clearance's innovational mode. It is the first time that China Europe international railway freight trains achieved data sharing on customs clearance and post operation system; it is also the first time to achieve electronic customs clearance of the China Europe international railway transport mail. We use the lock to storage and read mail details, mail list, mail way and other related custom information directly, realizing the outbound customs without sorting and not changing the mode of transportation, letting regulation mail leave the country from the original box and the original car. The success of this test is a sign of "Chongqing new Europe" international railway transport being widely operated. Since then, in January 2017, China Post officially launched "Chongqing new Europe" entities mail to Germany. The trend that China Post travels by central European trains to go into new potential central Asia and Europe market is growing.

This innovative action is the first and unique in the world. With the help of "Central European trains construction development planning", China Post got broad space for development, which brought absolute advantages and experience accumulation into central Asia and Europe. However, due to the China Europe international railway transport mail was just an up-and-coming field, the successful pattern of China Post in Chongqing needs to be refined and promoted further, for instance, the same in Xinjiang which is also an important place, the international postal remains focused on trucks, air way, so how to promote the Chongqing model to Xinjiang still needs deep thinking. In addition, China Post needs to change the concept of "pass-by" to "heartland", excavating the railway logistics market ability deeply, not just confined to the two terminals of the route. China Post has to overcome these two problems to get rid of the "big but not strong" troubles.

Table 2: Planning of China - Europe Postal Routes

Originating Station	Distribution Range	Border Station	Terminal
Zhengzhou	Central China, North China	Alashankou / Erlianhaote	Moscow / Duisburg / Hamburg
Chongqing	South China, Southwest Region	Alashankou	Moscow / Duisburg / Hamburg
Urumqi	North-west Region	Alashankou	Almaty / Moscow
Suzhou	East China	Manchuria	Moscow / Duisburg / Hamburg
Harbin	North-East Region	Manchuria	Moscow

(Source: Website from Ministry of Transport of the People's Republic of China)

3.4 Cooperating with LAZADA and layout Southeast Asia

The e-commerce market size in Southeast Asia is constantly expanding, and it is predicted that the size of the market will amount to \$238 billion in 2025, which will inevitably leads to cross-border electricity logistics demand exploding. As e-commerce platforms such as Alibaba, amazon join in, the giant competition is bound to spread to areas such as logistics and payment, thus formed a complete electrical business ecosystem. Therefore, the logistics demand released by Southeast Asia electric dealer market would be an opportunity for China Post.

Since LAZADA group was founded in 2012, it has been operating Southeast Asia's largest e-commerce shopping site. It has developed six Southeast Asia market: the Indonesia, Malaysia, Vietnam, the Philippines, Thailand, Singapore, and kept first in e-commerce market of these countries. Main buyers are located in Thailand, Indonesia, Malaysia, Vietnam, Singapore and the Philippines, with the number of 550 million, and the main source of sellers are from the local Southeast Asia, Europe and the United States, Hong Kong and mainland China. Therefore, regarding LAZADA as its important partner, in July 2016, China Post signed a cooperation agreement with it in Singapore. The two sides had in-depth cooperation about cross-border logistics in areas such as Southeast Asia and jointly launched the "China-Southeast Asia" cross-border Posting and delivering services. It aims to continuously improve service quality and customer experience. For the implementation of the cooperation, "China-Southeast Asia" cross-border posting and delivering services have been applied in practice in Shenzhen. It has launched cross-border posting and delivering services with integration of the

warehouse from Thailand road. With the joint efforts of both sides, the service indicators continued to improve, and the satisfaction of both buyers and sellers continued to increase.

In December the same year, the strategic cooperation services provided by the two sides for customers was launched officially, which meant that China Post and cross-border electric business platform LAZADA will optimize the existing cross-border logistics posting and delivering services. It will realize the online order and improve service limitation through the data docking, providing better posting and delivering services for electricity customers. On this basis, they will expand the cooperation to such field as the warehouse, finance, education and training, market development and others, opening the new customer service model with customers.

Although the cooperation between China Post and LAZADA continued deeply, the infrastructure of Southeast Asia vary and government regulations are volatile. It is hard to find a unified standard solution. How can China Post pave the logistics channel in the area and how to ensure the efficiency, safety and low cost of the logistics transportation so as to resolve problem of "big but not strong"? All of these become another question after entering the market.

4 Why does China Post aim at the international logistics market along “B&R”

4.1 Weak domestic market growth and China Post’s increasing capabilities of going out

4.1.1 The domestic market growth is peaked, and the local enterprises need to look overseas

The domestic market growth is increasingly peaked. The Chinese logistics enterprises are willing to go abroad, with a view to seek overseas logistics market. According to the statistics of China Logistics Information Center, the demand for domestic logistics market expanded from 2005 to 2015, and the total social logistics in 2015 reached RMB 219.2 trillion, nearly 3.55 times higher than that in 2005. But the growth rate of demand was generally declining. Especially in the "Twelfth Five-Year Plan" , there was a rapid decline in growth, from 12.3% in 2011 to 5.8% in 2015, an

average annual increase of 8.7%, dropping down 12 percentage points than the "Eleventh Five-Year" and 10 percentage points than the "fifth" period down. Domestic demand for logistics growth tends to be weak. In addition, the domestic logistics market growth rate also appeared a similar situation (Figure 4). In "Twelfth Five-Year Plan", China's social logistics total income reached RMB 34.4 trillion, 1.8 times of that in "Eleventh Five-Year", but the logistics market size growth rate ranged from a rapid growth of 20.9% in 2011, after a steady growth period, to decline. In 2015, it continued to go downward (4.5%). In summary, the domestic logistics market demand and growth are showing a tendency to bottom, and the domestic logistics market gets into the "bottleneck". Although China is currently the world's largest logistics market, the domestic logistics enterprises try to maintain domestic market share, at the same time, having forethought and desiring to go abroad to broaden the overseas logistics market, and this has become one of the industry trend. This is why China Post, a national team of domestic logistics industry, firstly goes out to develop international express business, and S.F. Express in 2014 decided to set up SF international mainly to develop international business, and other competitors also stepped up the pace of oversea expansion. The oversea logistics industry war has already been critical.

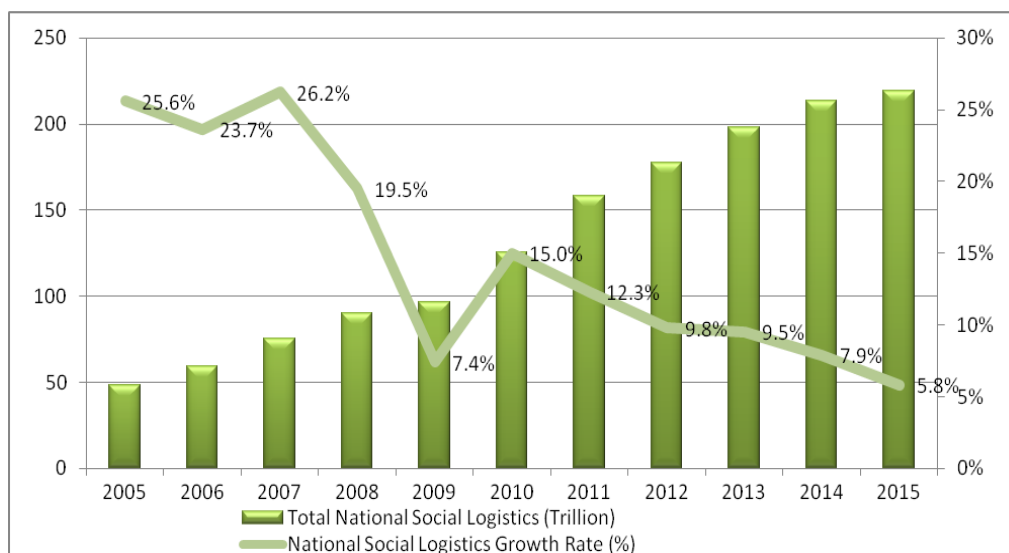


Figure 5: Total Social Logistics and Growth Situation in China from 2005 to 2015

(Source: China Logistics Information Center)

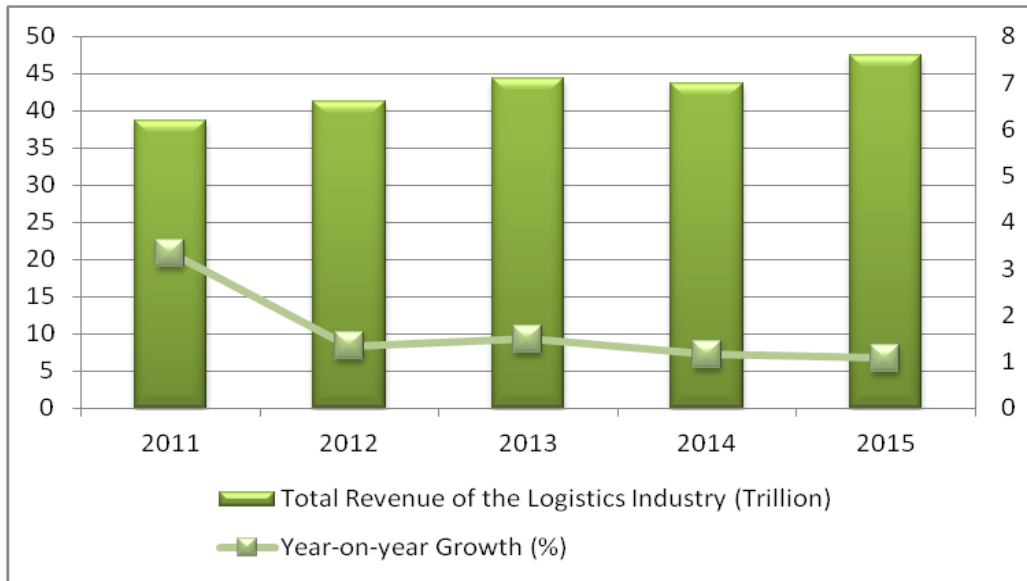


Figure 6: The Total Revenue and Growth of Logistics Industry in the Twelfth Five - Year Plan Period
(Source: China Logistics Information Center)

4.1.2 Local firms enhance the strength with a strong layout to overseas market

Logistics enterprises are becoming more competitive. On one hand, although the domestic logistics market growth is weak, in the meantime the transition of the structural adjustment guides the local logistics enterprises to continue the internal optimization, the ability of going out is improving. Influenced by the accelerating pace of the traditional industrial transformation and upgrading and the accelerating development of these new industries and the new formats, logistics demand structure continues to optimize. Steel, coal, cement and other commodity logistics demand growth rates slow down, while the people's livelihood and consumer demand maintain a rapid growth. According to Figure 6, the annual growth rate of the total industrial logistics volume dropped from 21% in 2008 to 6% in 2015, while the growth rate of the total logistics volume of the residents continued to rise from 2008 to 2015, breaking the 30% mark for the first time in 2013, reached 36% in 2005. The rapid growth of the logistics industry, shows that the national express volume arrived at 13.96 billion in 2014, an increase of 51.9%. It was the first time to exceed the United States, leaping to the world, and the highest daily delivery capacity exceeded 100 million pieces. Obviously, the domestic logistics industry restructuring, coupled with the economies of scale by using domestic market, promotes the logistics enterprises including China Post, breaking a single storage, transportation, distribution and other service functions,

through logistics coordination, overall planning, supply chain management. That has achieved the transition from a single service to the deep integration including Express, cold chain logistics, green logistics, supply chain management. So as to accelerate the expansion and enhance the competitiveness of enterprises that is planning to go abroad. On the other hand, the amplification of logistics cost is down, and the efficiency of logistics operation is steadily improved, which means that the domestic logistics enterprises operating efficiency and quality improvement, and that increases the possibility and success rate for its overseas market. High logistics costs and low efficiency was once Chinese logistics enterprises' "pain point." Fortunately, the total cost of social logistics has begun to fall since 2011 (Figure 7), and in "Twelfth Five-Year Plan" period, the total cost of social logistics increased by 6.5% per year. Compared with "Eleventh Five-Year Plan" period, it declined 9.7 percentage points, the "Fifteenth Five-Year Plan" period fell by 6.7 percentage points. The logistics efficiency through the long-term "high platform period", has begun to enter the "accelerating return period" since 2013. The ratio was just 13.71% from January to November in 2016, achieving the lowest logistics efficiency in history. The reasonable decline of logistics cost and the optimization of logistics

Efficiency reflect that logistics technology, operation management and management level of China Post and other logistics enterprises have developed, relying on the penetration of the Internet of things, cloud computing, large data the industry.

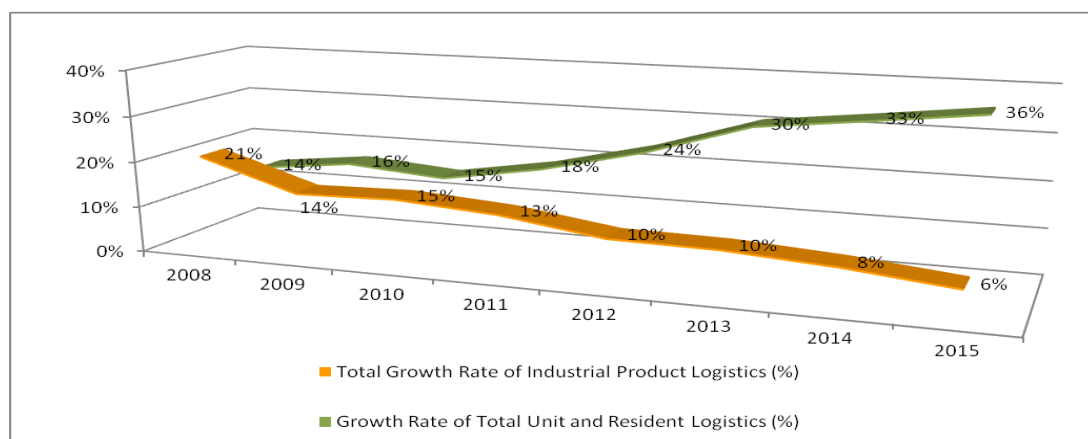


Figure 7: The Total Logistics Growth of Industrial Products, Firms and Residents from 2008 -2015
(Source: China Logistics Information Center)

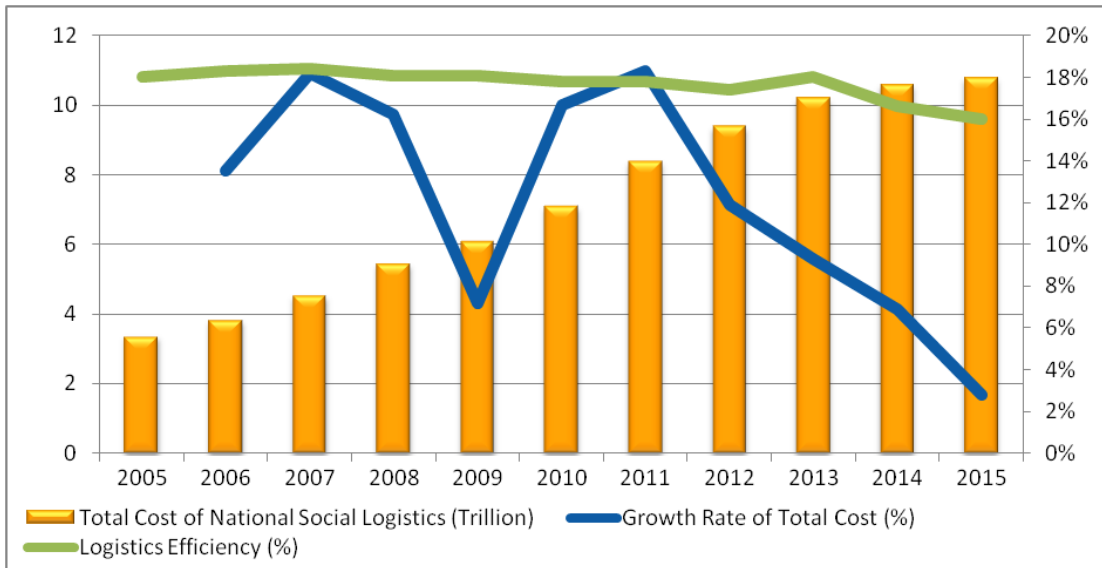


Figure 8: The Change of Social Logistics Total Cost and Logistics Efficiency

(Source: China Logistics Information Center)

4.2 Differentiated international market, and prosperity of countries along “B&R”

4.2.1 Excess volatility and giants entrenched in developed economies market

The capacity of the international logistics market is considerable, but due to the international market downturn, and the deep decline in market trade, the international logistics market capacity which relies on import and export trade has declined in recent years. The market presents a differentiation trend: developed economies such as the United States, Japan and the European countries which are China's long-term major overseas markets also fluctuated; The opportunities of emerging economies market appear. In 2015, the total import and export volume presents the first negative growth after the financial crisis, totaling \$395.3 billion, appearing an increase rate of -8.1%; In 2016, import and export volume only reached 3.686 trillion US dollars with negative growth rate of 6.77%. In the doldrums of the international market environment, the market is clearly differentiated. The bilateral trade volume of China with three major trading partners, the EU, the United States and Japan, was \$ 547.02 billion, \$ 514.99 billion and \$ 277.79 billion respectively in 2016. The three trade volume accounted for about 35% of our country trade scale (Figure 8). However, China with the three majors' trade growth rate is not optimistic, from 2008 to 2016, there were significant

fluctuations in volatility (Figure 9), and it was at a low level of growth since 2014. Sino-US bilateral trade growth rate in 2015 was closed to zero, and it continued to fall to -6.74% in 2016; The largest fluctuations of China and the EU trade growth rate, from 10% in 2014 to 28.2% in 2015, down 18.2 percentage points, continued to downturn by-3.1% in 2016; The trade growth of China and Japan has been at the lowest among the three, and the negative growth has been maintained since 2012 and the growth rate of -10.8% in 2015 set a new lowest record. In 2016, it has rebounded but is still in the trade shrinking situation (-1.34%). It can be seen that the overseas market of developed economies represented by the United States, Japan and Europe are unsatisfactory in recent years and the anticipation of the market is uncertain. In addition, the long-term domination and highly mature logistics network of FedEx, DHL, UPS and other leading companies in Europe and the United States made it harder for Chinese logistics enterprises to expand market in the developed economies. On the contrary, this fact that the decline in the growth rate of the developed economies catalyzes our interest towards the emerging economies, and under the guidance of the “the Belt and Road” which promotes the formation of international logistics market differentiation. China Post, S.F. Express and other Chinese enterprises have followed the trend and will be transferred to the countries along “the Belt and Road”.

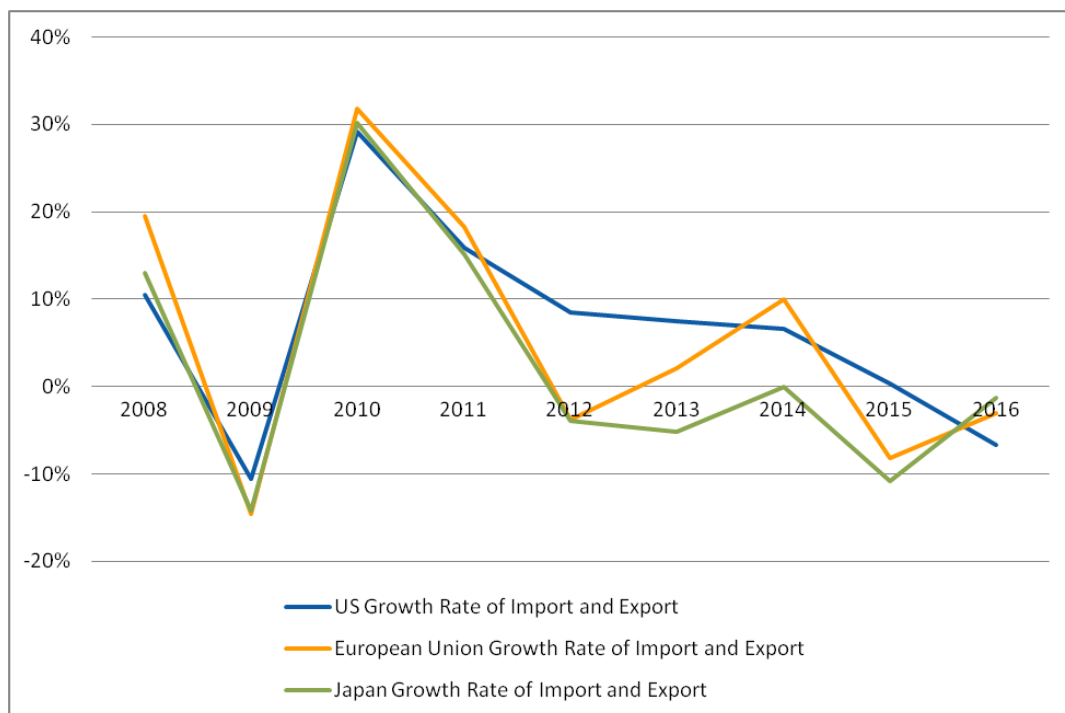


Figure 9: Trade volume and share of China's top ten trading partners from 2012-2015 (in \$ billion)

(Source: China Statistical Yearbook)

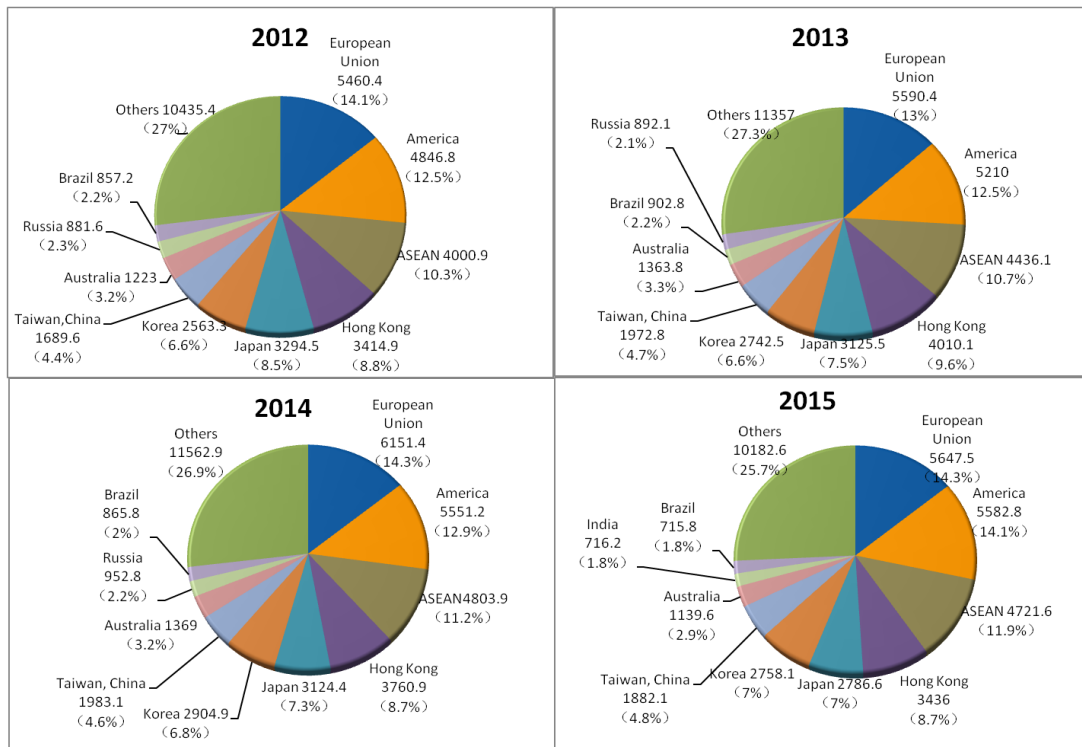


Figure 10: China and the three major trading partners changes in trade growth from 2008 to 2016
(Source: China Statistical Yearbook)

4.2.2 Favorable policies ignite the surrounding market along “B&R”

Since “the Belt and Road” initiative has been put forward, China has a good relationship with countries along “the Belt and Road” in business logistics. According to customs statistics, the average annual growth rate of exports along the route reached 10.34% from 2007 to 2016. The total exports in 2016 amounted to US \$ 581.727 billion, 2.22 times of that in 2007, and the proportion of that share accounted for total exports of China increased year by year. The total exports reached a peak of 27.73% in 2016 (Figure 10). Although the growth rate in 2015, 2016 appeared a slight decline, China's exports to India, Thailand, Vietnam and Bangladesh respectively increased by 7.4%, 11.6%, 3.9% and 17.93% in 2015. In 2016, China's exports to Russia, India, Bangladesh, Poland and Pakistan increased by 7.41%, 0.28%, 2.91%, 5.21% and 4.78% respectively. Among them, Russia, India accounted for 1.78% and 2.78% of China's exports, which increased by 0.24%, 0.22% compared with last year. Overall, the trade logistics momentum among China, emerging markets and countries along “the Belt and Road” is

good, thus attracting many Chinese logistics enterprises to focus on countries along "B&R", China Post is the same.

In addition, favorable policies about “the Belt and Road” international logistics are introduced frequently, igniting the surrounding logistics market. In October 2014, the State Council announced the "long-term development of the logistics industry (2014-2020)", stressed the active promotion of international logistics development: strengthening the cross-border logistics system and corridor construction with neighboring countries and regions; supporting competitive logistics enterprises to strengthen the joint; building an international logistics service network; creating an international competitive multinational logistics enterprise. In September 2016, the National Development and Reform Commission announced the "the special action program of logistics industry cost reduction and efficiency enhancement (2016-2018 years)", which proposed a combination of “the Belt and Road” construction, Beijing-Tianjin-Hebei coordinated development, Yangtze River Economic to research and prepare the national logistics hub facilities layout and construction planning. In February 2017, the Ministry of Commerce and other departments announced the "trade logistics development" Thirteenth Five-year plan" It clearly promoted the internationalization of trade logistics development, supporting to construct international channel along “the Belt and Road”, central cities along the line, key ports, key overseas economic and trade cooperation zone, promoting the development of foreign economic and trade cooperation zone of trade logistics. It can be seen that the relevant favorable policies are frequently put forward. (Table3). China Post and other logistics enterprises take the countries along “B&R” as the target market in order to obtain forerunner dividends on the basis of the good momentum of national trade logistics and supporting policies.

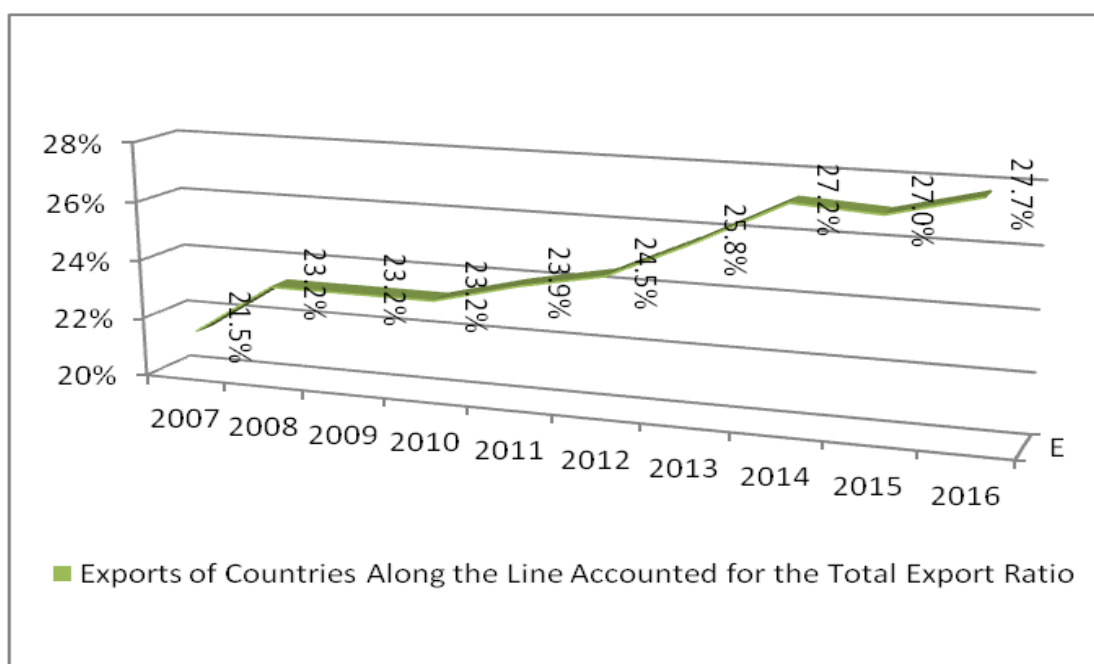


Figure 11: The changes of surrounding countries exports accounted for Chinese total export ratio from 2007 to 2016

(Source: China Statistical Yearbook)

Table 3: “B&R” International Logistics Relation Policies

Issuing Authority	Policy Name	Released Time
Ministry of Commerce	<i>Thirteenth Five-Year plan of trade logistics development</i>	2017/02
National Development and Reform Commission	<i>Special action plan for cost reduction and efficiency of logistics industry (2016—2018)</i>	2016/09
The State Council	<i>On the promotion of online and offline interaction to speed up the development of business innovation and views about transformation and upgrade</i>	2015/09
The State Council	<i>Guidance on the healthy and rapid development of cross-border e-commerce</i>	2015/06
Ministry of Commerce	<i>Urban Layout Planning of National Distribution Node (2015-2020)</i>	2015/05
The State Council	<i>Long-term planning for the development of logistics industry (2014—2020)</i>	2014/10

(Source: China Statistical Yearbook)

4.2.3 Cross-border e-commerce open new blueprint of logistics along “B&R”

In the context of China's foreign trade downturn, cross-border e-commerce has bucked the trend, and it is expected to be the new engine to reverse the downward trend of the trade economy. The cross-border e-commerce supported by the logistics industry is bound to pull the development of international logistics. According to China Electronic Commerce Research Center statistics, China's cross-border electricity business market transactions scale expanded year after year from 2010 to 2015, with strong growth momentum, reaching an average annual growth rate of 32%. Transaction scale reached 5.4 trillion yuan in 2015, with an increase of 29%, and it's 4.15 times of that in 2010, and the cross-border export volume reached 4.49 trillion, at the same time cross-border import scale reached 907.2 billion. It is expected to achieve 6.8 trillion yuan in 2016 (Figure 11). At the same time, the proportion of cross-border electricity accounted for total imports and exports got into the rising channel. The proportion of cross-border e-commerce accounted for only 6.4% of the imports and exports trade volume in 2015, and the date exceeded 20% in 2015 for the first time, accounting for 22%, and it is expected to reach 28% in 2016. It can be seen that cross-border electricity business is growing rapidly. So, when the cross-border electricity business encounters “the Belt and Road”, what kind of market opportunities will be brought to China Post in the process of selecting the target market?

Market along “the Belt and Road” releases an unprecedented logistics market capacity in the impact of cross-border e-commerce, becoming the key areas for China Post and other local enterprises to tap the logistics market. Among them, in the "New Silk Road Economic Zone", the Middle East and North Africa have 110 million Internet users, and 30 million people have been online shopping. E-commerce scale increased from 9 billion US dollars in 2012 to 15 billion US dollars in 2015; Turkey on the Europe's mainland bridge is also pushing the "Middle Corridor Plan" along the Silk Road and China's “the Belt and Road” initiative to have the initiative docking. The two sides in the infrastructure construction, automotive, textile and other areas have great potential for cooperation; Russia, in the most northern, has large areas and consumer groups. In 2012, its Internet users were over 70 million. It exceeded Germany and the United Kingdom for the first time, becoming Europe's largest Internet country. In the "21st Century Maritime Silk Road", Southeast Asia is one of the most dynamic and

most potential consumer market, after the United States, the European Union, China. Its sustained and rapid economic growth has cultivated a large number of middle class and huge consumer demand. It will be predicted in 2025, Southeast Asia e-commerce market size will reach 238 billion US dollars. These will inevitably release huge cross-border e-commerce needs along the way, which will promote the vigorous development of international logistics business. According to the national data center statistics, through the cross-comparison of the countries' Internet penetration and the concerns of China's cross-border e-commerce find that (Figure 12), Singapore, Israel, Russia, Malaysia, Turkey, Vietnam and other countries not only have high Internet penetration, but have a heat attention to our cross-border electricity suppliers. But in Thailand, India, Indonesia, the Philippines and other South Asia, Southeast Asia, the Internet penetration rate of the above countries is low. The increasing rate in the number of Internet users and the concern for China's cross-border e-commerce heat are quite high. Obviously, cross-border e-commerce market of these countries has great potential, followed by a large cross-border electricity business logistics demand. The main destination countries for cross-border electricity enterprises of China's exports in 2015 have already included ASEAN (11.4%), Russia (4.2%), India (1.4%) (Figure 13), and with the growing demand for cross-border electricity companies along the way, which will bring cross-border electricity business logistics market blowout along “the Belt and Road”.

In short, the integration of “the Belt and Road” initiative and cross-border e-commerce will bring great development space for the logistics market along the way, which make the vast cross-border electricity business market along “the Belt and Road” exchange and active up and offer new opportunities for China Post in the target market to develop Cross-border electricity business logistics. Therefore, China Post could actively enter the countries along “the Belt and Road”, and fully open up cross-border e-commerce logistics market share, at the same time for the target customers innovatively launch of the relevant business and products suited for local needs.

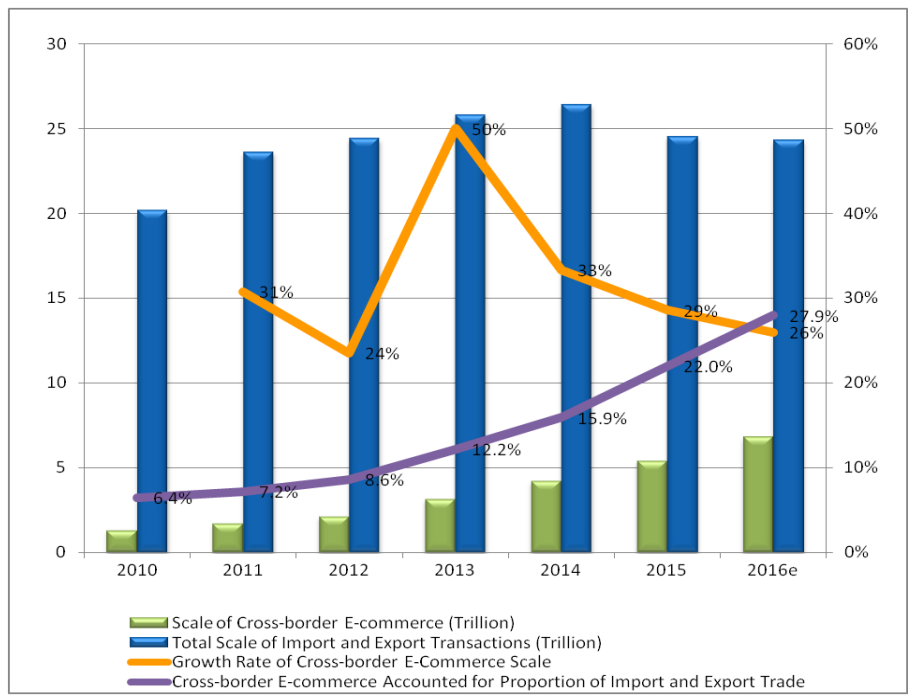


Figure 12: Transaction size of China's cross-border electricity market from 2010 to 2016
(Source: China Electronic Commerce Research Center)

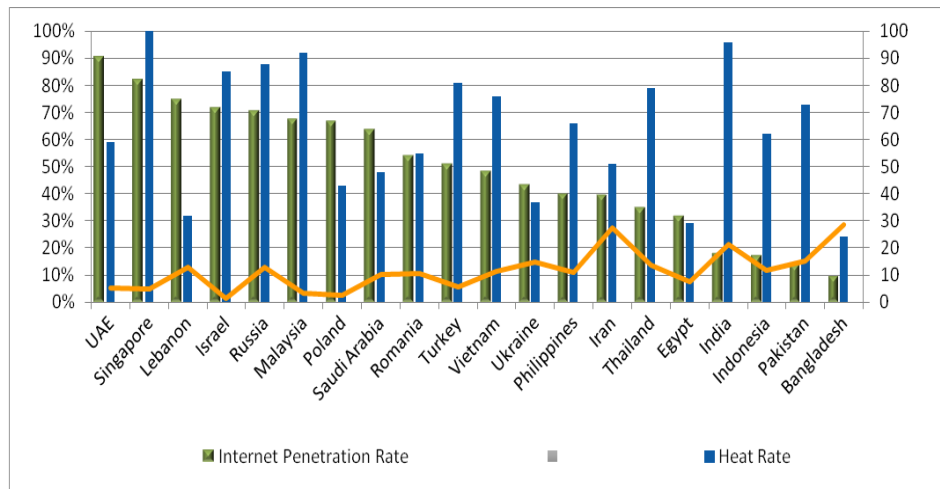


Figure 13: The Internet penetration rate and concerns about China's cross-border electricity business of countries along "B&R"
(Source: National Information Center "B&R" large data center)

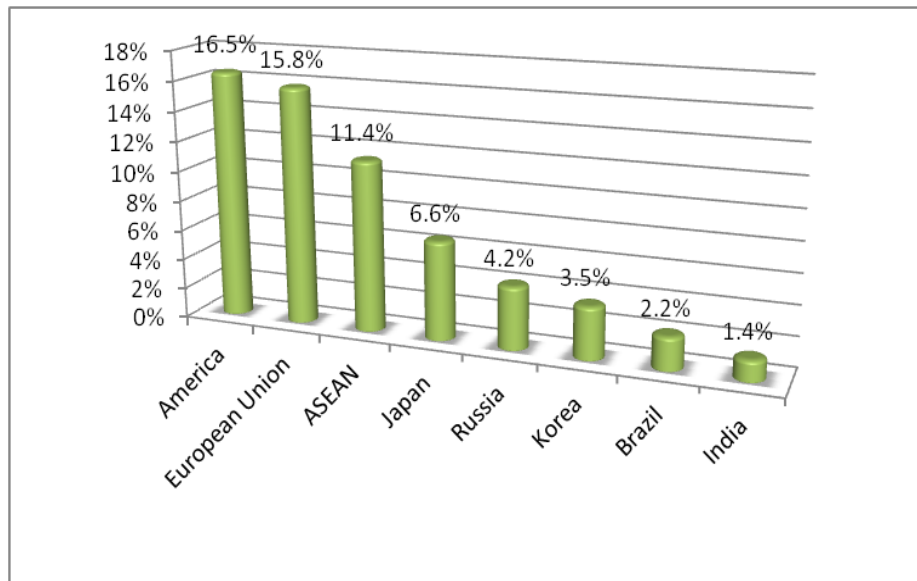


Figure 14: Distribution of export countries of china's cross-border electricity in 2015
(Source: China Electronic Commerce Research Center)

4.3 Great potential of cross-border e-commerce logistics market along “B&R”

4.3.1 Market capacity of countries along “B&R” is large and with optimistic outlook

From the export point of view, since 2010, China's exports to the 64 countries along "the Belt and Road" , had a substantial increase, after 2012, slowing growth, into the "steady growth period", the annual average growth rate from 2007 to 2016 remained at above 10% and it is higher than the average annual growth rate of China's total exports. Obviously, the logistics market along “the Belt and Road” than the other regions have more development potentials, which provide substantial international logistics development market capacity for China's logistics enterprises. Among them, the export trade mainly concentrated in Southeast Asia, Northeast Asia, Russia and South Asia, India and other regions. The exportation in the top ten countries are followed by Vietnam, India, Singapore, Malaysia, Russia, Thailand, Indonesia, the United Arab Emirates, the Philippines, Saudi Arabia in 2016(Table 4). These 10 countries exports have remained steady growth from 2007 to 2016, while Vietnam, the Philippines, Thailand, their average annual growth rate is faster. Over the past five years, Vietnam, the Philippines has maintained a positive growth trend. India since 2013 has

continued to maintain positive growth. Russia's export growth in 2015 influenced by the domestic economic fluctuations and the devaluation of the ruble, demand changes of China and Russia market and other factors had experienced a gradual decline, but in 2016 and other years has maintained considerable growth. China has been the largest economic and trade partners of Russia for many years. Therefore, because of the existence of a huge international logistics needs and growth potential, above countries may become the target market for China Post in the area along “the Belt and Road”.

Table 4: the proportion of top 10 import countries along B&R occupied and the growth rate changing condition

Country	Export volume in 2016 (Ten thousand U.S. dollars)	Proportion of exports (2016)	2007-2016 average annual growth rate	2012 - 2016 growth rate (%)				
				2012	2013	2014	2015	2016
Vietnam	6109994	10.50%	21.06%	17.60	42	31.20	3.60	7.40
India	5839046	10.04%	11.38%	-5.70	1.60	11.90	7.40	0.30
Singapore	4447579	7.65%	5.03%	14.50	12.50	6.70	6.20	-14.40
Malaysia	3766334	6.47%	9.93%	31	25.80	0.90	-5.10	-14.40
Russia	3733409	6.42%	8.42%	13.20	12.60	8.20	-35.20	7.40
Thailand	3718678	6.39%	14.91%	21.40	4.90	4.80	11.70	-2.90
Indonesia	3211510	5.52%	12.95%	17.30	7.70	5.80	-12.10	-6.50
UAE	3006735	5.17%	8.23%	10.30	13.00	16.80	-5.20	-18.80
Philippines	2983278	5.13%	17.05%	17.40	18.7	18.10	13.60	11.90
Saudi Arabia	1864909	3.21%	11.92%	24.30	1.60	9.80	5.00	-13.70

(Source: China Statistical Yearbook)

From the import point of view, since 2010, China's imports with the countries along "the Belt and Road" increased significantly. In 2012, the growth rate went into the flat period. Influenced by the international market downturn in 2015 and 2016, imports occurred negative growth, and even in 2015, there occurred 19.7% decline, a record low. However, the average annual growth rate in 2007-2016 was 8.6%, slightly higher than the average annual growth rate of China's total imports. It can be seen, on the import point of view, the logistics market along “the Belt and Road” is not as good as the export market showing overall steady growth trend, but the overall market capacity is still considerable, and the market still owns the open up development potential. China's imports of goods with countries along "the Belt and Road" mainly concentrated in the

Middle East, Northeast Asia, Russia and Southeast Asia and other regions. Imports in the top ten countries are followed by Malaysia, Thailand, Vietnam, Russia, Singapore, Saudi Arabia, Indonesia, Philippines, Iran, Oman in 2016(Table 5). The average annual growth rate of imports in the above 10 countries from 2007 to 2016 mostly remained over 6% level, with Vietnam and Oman growing faster on the average annual rate. In the past five years, the annual import trade volume of China's major products has declined. Among them, Malaysia as one of the most important importing countries, its imports has experienced negative growth in the past three years. Thailand and Indonesia experienced a positive situation in 2016, respectively, an increase of 4.1%, 7.6%. On the contrary, Viet Nam, as one of the major importing countries, is the only country among the top ten importing countries that have maintained a positive growth for five years, with an average annual increase of 32.49%. Therefore, countries such as Vietnam due to the existence of certain international logistics needs and growth potential, may become China Post and other domestic logistics enterprises target market.

Table 5: The proportion of top 10 import countries along B&R occupied and the growth rate changing condition

country	import volume in 2016(Ten thousand U.S. dollars)	the proportion of imports in 2016	2007-2016 average annual growth rate	2012-2016 growth rate per year (%)				
				2012	2013	2014	2015	2016
Malaysia	4921251	13.44%	7.71%	-6.20	3.2	-7.50	-4.30	-7.60
Thailand	3867861	10.57%	6.71%	-1.20	-0.10	-0.50	-3.00	4.10
Vietnam	3712596	10.14%	32.49%	46.00	4.10	17.80	49.90	24.50
Russia	3222859	8.80%	7.65%	9.40	-10.20	4.90	-20.00	-3.10
Singapore	2594795	7.09%	5.43%	1.40	5.40	2.50	-10.50	-5.90
Saudi Arabia	2361450	6.45%	9.14%	10.90	-2.60	-9.20	-38.10	-21.30
Indonesia	2139301	5.84%	8.98%	2.00	-1.60	-22.10	-18.80	7.60
Philippines	1737473	4.75%	-0.95%	9.20	-7.40	15.40	-9.60	-8.40
Iran	1481710	4.05%	6.84%	-18.00	2.10	8.30	-41.60	-7.70
Oman	1202247	3.21%	16.29%	14.10	23.90	13.10	-36.80	-20.10

(Source: China Statistical Yearbook)

4.3.2 Enormous opportunity in e-commerce logistics market

Based on the above-mentioned import and export situations of market along “the Belt and Road” and the analysis of the main trading countries, how should China Post choose countries to enter according to the target market? In particular, how to do the global analysis before entering the market according to cross-border e-commerce logistics market? Therefore combined with the previous development potential of cross-border e-commerce and market capacity analysis, we selected Vietnam, Thailand, India, Russia, the four major countries to make foreground prediction about cross-border e-commerce logistics market.

[Vietnam]: Southeast Asia, the potential for cross-border e-commerce development is the largest in the area along “the Belt and Road”. Vietnam e-commerce gets generally high degree of recognition, and it is one of the best countries in the electricity market, and it the second highest rate of the ASEAN countries referring to Internet popularity rate. According to the Vietnam e-commerce report released by the Vietnam E-Commerce and Communications Technology Bureau, the size of the Vietnamese electricity market in 2015 reached US \$ 4.07 billion, while 37% growth rate was twice that of Japan in the same period. However, the scale only accounted for 1% of America, and 4% of Japan; Electricity retail sales accounted for only 3% of total retail sales, so the market capacity needs to be opened up, and there are the market access opportunities. The country's main online shopping products include clothing footwear and cosmetics, electronic products, household items, books office supplies, so the logistics and transportation are less difficult. With the influx of international e-commerce enterprises in the Vietnamese market, including google, Alibaba, Rakutan, ebay and Amazon, through the joint development with the local cross-border electricity market to release the country's extensive cross-border electricity business needs, China Post can consider the country market. However, due to the restrictions of local infrastructure, payment and distribution issues, China and Vietnam cross-border electricity business logistics market development needs to take into account the continued existence of logistics barriers – longer delivery time, aging instability. In addition, the local cross-border logistics development is still lagging behind, mainly in the retail-based, and small amount, small size, high frequency is its general characteristics. Besides, the main logistics models include 5 ways: international parcel

and international express delivery, B2C foreign trade enterprise alliance collection, B2C foreign trade enterprises self-collection, third-party logistics and overseas warehouse. Therefore, China Post in the development of cross-border e-commerce logistics market should give full consideration to the local logistics barriers and the advantages and disadvantages of various logistics model.

[Thailand]: In Southeast Asia, the country's electricity business has developed rapidly, and electronic consumption has received widespread attention. According to a survey released by the Electronic Transactions Development Agency, Thailand's e-commerce market total value in 2015 was \$ 62.6296 billion, up 10.41% year on year; it is expected to increase by 12.42% in 2016 to 704.194 billion dollars. In the ASEAN region, Thailand's electricity market topped the list. In terms of per capita electricity value, Thailand ranked seventh in the Asia-Pacific region in 2014, and the per capita electricity business amounted to 172.76 US dollars, the United States, Japan, Singapore for the top three; Thailand's rank was unchanged in 2015. Thus, Thailand in the ASEAN region in the electricity market is relatively impressive, and the international logistics business expanding in the Thai market could find opportunities. Thailand, as an important logistics hub of ASEAN, is now working to build a regional supply chain management hub. The country's logistics business opportunities emerge, as many foreign logistics companies (such as DHL, UPS) stationed in the local, China Post can seize the opportunity to open Thailand cross-border electricity market. However, it is noteworthy that the logistics between China and Thailand is mainly transported by sea, although Yunnan, Guangxi, the closest to northern of Thailand, but because of the main land access of China and Thailand - Queensland transportation still exist many problems, including connected but not smooth, Pass but less goods, pass but inefficient, resulting in land channel is difficult to play the role of decentralizing transport pressure. Therefore, when China Post is in the layout of the Thai market, should take full account of these factors, making appropriate programs.

[India]: In South Asia, the country's electricity market is booming and is becoming an important electricity market in the world. According to the Indian Industry Confederation, the Indian electricity market scale was about \$ 16 billion in 2015 and will exceed \$ 100 billion by 2020. The local Internet market with rapid growth offers help: Internet users every two seconds increase three, and nearly 370 million people have access to the Internet, the total number of users has been catching up with the

United States, and India is the world's second largest Internet market. In addition, due to the scarcity of retail sales in India, only 8% of residents living in first-tier cities can easily use the physical retail channels, the majority of Indian residents' shopping only through the Internet; Besides, India as the world's largest consumer of mobile phones, mobile phone is widely used, and the integration of above factors brought about India's huge cross-border e-commerce market capacity. However, China Post will take this market as the target country and at the same time, it also should take into account the logistics barriers caused by the chaos of the local transport system: India has not established a highly efficient and perfect transportation system. Most of the regional roads are in poor condition and can't meet the logistics demand; There are only three main ports, and its carrying capacity is limited; Mumbai, India's largest port city with more than 1200 million people, has only one traffic artery through the north and south; Besides, 65% of the goods rely on road transport, and most urban and rural do not have mail, so express are difficult to reach. Therefore, China Post should take full account of the logistics barriers, so as to through the innovative thinking of location, occupy India's cross-border e-commerce blue ocean market.

[Russia]: In Northeast Asia, the country's electricity market is developing rapidly, with an average annual growth rate of 40.2% in the 2010-2014. Even in the domestic economic crisis year (in 2015), the electricity market still has a 7% growth rate. The Russian electricity market total value reached 760 billion rubles in 2015, and the total cross-border e-commerce market grew 5% to 220 billion rubles in 2014. The share of cross-border electricity providers increased from 24% in 2014 to 34% %. In addition, China's e-commerce platforms in Russia are popular. Global Express in Russia's monthly visits in 2014 increased by more than three times, up to 15.9 million people, far more than the local largest e-commerce Ozon (monthly visits of 850,000 people) and the international electricity platform eBay (82 million People), became the number one business platform. The global number of independent visitors reached 23.8 million per month, still higher than Ozon's monthly visits (9.2 million). About 90% of the country's cross-border electricity business comes from China, accounting for 49% of all foreign network retailers. The remaining, 4% packages come from the European e-commerce platform, 2% packages come from the US electricity business platform. Undoubtedly, by virtue of the Russian users' favor for China's electricity business platform, the Russian cross-border electricity market capacity is quite large. China Post and Alibaba's

inherent long-term cooperation and the Russian logistics channel of Harbin International Mail Exchange Bureau are conducive to its further development in the Russian market. At present, China Post is committed to building a regional logistics hub in Heilongjiang Province, building overseas warehouses, overseas service outlets in Russia, through covering all Russian cross-border e-commerce logistics hub to occupy the Russian market.

5 What are the disadvantages for China Post to occupy the surrounding markets

“The Belt and Road” Initiative will make the surrounding logistics markets popular in recent years. Not only China Post, but only a large number of logistics enterprises compete the market shares. What’s more, the giant e-commerce enterprises also covet the huge market in “the Belt and Road”. In domestic market, SF-Express and other logistics enterprises have already had completed capital and cooperated with foreign postal and logistics enterprises, which means to enter into international market. In international market, a large number of international giants enterprises want to use “the Belt and Road” to expand its market, like DHL, FedEx and USPS. Furthermore, giant e-commerce enterprises who has established self - logistics system also stare at “the Belt and Road” market, such as Amazon and Alibaba. For instance, in September 2016, DHL set up three multimodal transport routes, including “Chengdu-Istanbul”, “Vietnam–China -Europe”, “Japan-Germany”, which means it wants to enter “the Belt and Road” market. In this context, how can China Post go straight ahead to attract “the Belt and Road” market? How to ensure its market share is not eroded? Under these challenges, China has to find the reason that why it is big but not strong and meanwhile digging out its disadvantages. Then, China Post can use the right medicine.

5.1 The severe issue about “the last one kilometer” for China Post

Because of its “national team” identity, China Post can use the global post network which built by “UPU”(Universal Postal Union). Under this network, China Post can enter the global market by international postal cooperation. However, China Post also

got into a dilemma because of the network. The international express business which based on the postal cooperation result that China Post has to transport the goods to destination countries and use foreign logistics enterprises to deliver them. Because of this situation, China Post loses control in the “last one kilometers”, which increases the risk that if the goods can be delivered to its host or not. Let’s use the international e-package as an example. As we have said, China Post has cooperated with surrounding countries and when parcels enter into destination countries, the foreign post is responsible for the final allocation and delivery work. Both sides use postal express information system to exchange data. “The last one kilometer” in destination is not finished by China Post and its service quality depends on the foreign postal system’s work ability, which makes China Post in a passive position. In contrast, SF-Express has already established its own team to finish “the last one kilometer” and spend a huge sum of money to improve its own transport network. Currently, its network territory expands from mainland to Hong Kong and Taiwan, even to overseas and it also has built branches in Singapore, Malaysia, Vietnam, Thailand. In addition, the foreign logistics giant enterprises have full logistics tracking system, which make “the last one kilometer” become informatization. Compared with China Post, it has a huge advantage and China Post only in an infant stage in “the last one kilometer”. FedEx has a customer-service- oriented management system, which can connect every link and key information from pickup to service and manage cars, employees, parcels, routes and weather effectively. Some overseas postal enterprises also establish logistics tracking system which can cover the entire network. Customers can check the parcel’s location anytime they want. By contrast, although China Post’s information system has already covered most of the logistics nodes, it has a low degree in network data and interactive degree of manual interaction. As a result, its internal information cannot be shared perfectly and providing real-time tracking checking service to customers is still remaining at the construction level. Compared with its competitors, the low degree of informatization makes it can only provide individual or segmented logistics services, which cannot become an advantage.

5.2 The mode of operation is too traditional and the concept of big data needs to be used

Following with the fast development of modern logistics industry, the superb

service that customer enjoyed depends on the mode of big data and “Internet+”. The high quality service that customers pursue more and more focus on logistics enterprises’ time efficiency, accurate evaluation of customer needs and products quality. All of these are based on enterprise own operating level. For a long time, China Post’s operation mode is too traditional. Although it has tried many new modes, like technology innovation, the new models also seem conservative and lack the concept of big data. On the whole, the internal operation of international express business has been in an initial stage for a long time. Over the years, passive internal job organization optimization model is not changed. The parcel delivery organization is still in a traditional model. The original ecology chain like baling business bags, using cars to pick up, "big plane" sorting, closure and transshipment, transportation, second sorting, second pickup and second delivery affects the logistics time limit seriously. In sharp contrast to it, some countries’ postal enterprises have been in the forefront of the development of big data (Table 6). Currently, America Post has 500 employees who work harder to promote delivery route optimization system -- ORION system, which provides optimized delivery route solution for the parcel delivery driver. French Post cooperates with Weboram which is a software company and use its data management platform to achieve advertising and customer data system digitization. Germany Post is using EPC ultrahigh frequency RFID technology to provide relative information about if the goods arrive or leave Frankfurt sorting center to its customers. In addition, other main competition in this industry is enhancing their big data concept. For instance, TNT applies visual technology acquisition data to the processing stations, logistics portals and service centers. SF-Express uses BILLING System which is developed by themselves to accurate count various business data. Amazon uses supply chain intelligent big data management system to achieve intelligent sub-warehouse and near stocking.

No doubt, big data has become a new engine for the development of logistics enterprises. Hence, as a laggard, China Post has to improve traditional operation mode and pulls the concept of big data and “Internet+” in its mode. Furthermore, China Post would integrate its own core data asset and appropriate introduction of external data. China Post also builds the overall structure of the postal data platform in three levels, including basic platform level, application analysis level and commercial application level. What’s more, it uses data application in six aspects, including policy support,

products innovation, cross marketing, process optimization, service supporting and risk control. Recently, China Post has used the right solution to solve its own problem and start big data strategic planning in time. Then it establishes a data center. Each business segment has a data increasing to 96G every day and its analysis service platform has connected 13 business systems. In the establishing of China Europe International Railway Express Transportation, China Post has achieved data sharing between customs clearance and post operation system. However, the using of big data cannot be perfect in a short time, because we all know Rome was not built in a day.

Table 6 Foreign mail big data concept

Enterprises	Innovation	Functions
American Post	Delivery route optimization system	Using database and custom map data that includes 250 million addresses from customers, delivery drivers and vehicles, tens of thousands delivery route optimization solutions per minute, providing optimized delivery lines for delivery drivers, increasing daily delivery
French Post	Data system digitization	Working with software company Weborama, and leveraging its large data management platform to achieve customer data and media ecosystem data, so as to better play direct mail advantage and achieve advertising effectiveness
Germany post	EPC UHF RFID technology	Using the in-house RFID reader and antenna to read data, to update the data to help customers determine the arrival time of the package. The system is currently providing business services to 16 countries around the world
Swiss Post	Internet of Things	Using remote wide area network technology to start the Internet of things plan at the lowest cost and the least energy consumption so that the products, equipment (such as cars, parcels, postal boxes) connect with network, to provide innovative intelligent service for customers

(Source: Companies website homepage)

5.3 Technological backwardness

Our country had published lots of policies to promote our ability of technological innovation, just like "Internet +", "B&R", "public entrepreneurship and innovation" and other strategic. China Post has done a lot of effort to innovate under holding the policy changes. In this context, we can't deny their efforts, for example, China Post takes "Postal Science Research Planning Institute" as their think tank. In addition, it actively seeks and develops "logistics integration System" "core equipment" and other technical support. Their operations also refer to PDA, RFID and other new intelligent terminal products, cross-border electricity supply chain optimization, express network processing

center design and integration and other fields. Furthermore, the new products of the "China Post cross-border electricity business comprehensive service platform", "China Post overseas warehouse system" won the second prize in "2015 China Logistics and Purchasing Federation Science and Technology Award". However, China Post's speed of technology innovation is still lagging behind its rivals. It still has a lot of shortcomings, especially in the information systems, mobile terminals, self-service package cabinets and other aspects, the development results have not yet appeared in these fields; In addition, China Post lacks the urgent awareness in business innovation, it has little foresight of technological innovation. While other rivals attached great importance to the technological innovation for the protection of timeliness logistics services. There are lots of examples. FedEx lets their users query the nearest service stations, delivery boxes, authorize consignments, global service centers and other information through the mobile phone or tablet computer and other mobile devices, and they also can support tariff and shipments inquiries, pickup arrangement and other functions. DHL can reduce fuel consumption and carbon emissions with smart trucks to redemption and delivery, they also use navigation, intelligent transportation system, and other software which can record freight volume, delivery addresses and traffic condition. In this way, they can optimize the travel routes. In addition, the E-Commerce platforms also walk in the forefront of technological innovation, such like, JD has the warehouse named "1st in Asia ",this is an automation, intelligent warehousing representative in this industry, they have the function of automatic access, robot robots picking, automation points picking, intelligent task allocation and other technologies to achieve operational automation and intelligence (Table 7). In contrast, China Post's response speed has lagged behind them in the technical innovation, we regard this as why it's difficult to break through the "big but not strong" problem for China Post thought it has a history of one hundred years.

However, in order to overcome the disadvantage, China Post has made considerable efforts. In the term of scientific research personnel, China Post has set a new philosophy. It established the talent team as the core of enhancing the ability of technological innovation. China Post is committed to creating a group of high-tech talents, including the "China Post Group's talent development plan (2015-2020)", besides it also has other supporting measures, such as building company's training centers, optimizing the incentive mechanism, accelerating the construction of talent

evaluation system, innovating the talent incentive mechanism, getting through the career development channel, and focusing on high-level personnel construction. However, the road to innovation is still long. Until now, China Post still needs to increase investment in scientific research and pay attention to forward-looking scientific and technological innovation. It should also make full use of mobile Internet, artificial intelligence, large data, cloud computing, robot and other new technologies. In this way they can solve the serious problems in China's express delivery business, and promote the innovation of product, mechanism, operation and business, and drive their development of "delivery wing".

Table 7: List of Logistics Innovation of Domestic and Foreign Enterprises

Firm	Innovation	Application
TNT	Visual technology to collect data	Applying machine vision technology to processing stations, logistics portals, service centers, collecting all shipping package data, reading barcodes, measuring item size, verifying the weight of items, capturing transports, small items and documents, non-transferable items 3D image
Germany Post	Smart truck	Intelligent navigation and delivery ,and using navigation, traffic intelligence systems and software that can record traffic, delivery address and traffic conditions, and other innovative technologies to optimize the driving route
American Post	Unmanned aerial vehicle	Matching the unmanned aerial vehicles and postal mail for delivery of parcels that are far from the bus route
Amazon	Supply chain intelligent large data management system	To achieve intelligent sub-warehouse, the nearest stocking and forecasting allocation to ensure that the inventory transferred to the customer from the nearest operation center in advance
JD	Robots, automated warehouse	using robots, automated warehouse and other technologies, automatic access, robotic robot picking, automated sorting, intelligent task allocation and other technologies to achieve operational automation and intelligent

(Source: Companies website homepage)

5.4 Speed up the pace of strategic layout

The strategic adjustment made by China Post indeed fits the direction of the times under the “B&R”. The “e-Packet” launched by China Post has extensive access to the country alongside the area; The logistics center in Harbin is docked in Russia, it can

also radiate in Northeast Asia; The Central European classes advanced to Central Asia , Europe; China Post also jointed with LAZADA, they plan to enter into Southeast Asia and so on. However, this postal enterprise with a hundred years history can't escape a common problem between state-owned organizations—" inconvenient control ", "institutional bloated", "reaction obtuse", "ideological rigidity" and other symptoms. All of these results in low market sensitivity, poor flexibility, and slightly constrained in the strategic layout. Thus, their pace needs to be speed up. According to statistics by "World Expo" and " World Economic Forum" in 2015, in the G20 (except the EU) international postal service rankings, China Post is the last one, and the United States is the first, which hit China Post's sore problem of "big but not strong". We believe this is an important reason why rivals get ahead repeatedly than China Post in the overseas layout. Besides, in terms of overseas warehouse construction, the overseas warehouse services in the Central and Eastern Europe launched by SFAC seized the opportunity. Although China Post has already taken action to build overseas warehouse in the United States, Britain, Germany, Australia and other countries, the market alongside the "B&R" is still in the stage of planning and construction. In the layout of Southeast Asia, China Post is far behind the powerful giants around the world. For example, in 2016, China Post cooperated with LAZADA and entered in Southeast Asian market, but before that Alibaba and other powerful enterprises targeted at this region from a long time. Therefore the logistics support system - rookie station which shared a part of market with China Post caused a certain influence. As a result, as a national team, China Post urgently needs to reverse the operation mode of state-owned enterprises, not be imprisoned too much by the model of state-owned enterprise. They should step up the speed of their strategic layout. As the market forerunner alongside the "B&R", China Post needs to change their problem of "big but not strong".

6 Blueprint and the feasibility

6.1 The Blueprint of China Post's international express business

"B&R" promotes the development of logistics market alongside these countries. China Post can seize the opportunity to develop its international express business with their advantages in surrounding market. However, how could China Post design the future when trying to overcome their disadvantages and solve the "big but not strong"

predicament at the same time?

6.1.1 Innovation of distribution solutions to solve the "last mile" problem

China Post in the settlement of the "last mile" problem, urgently needs for innovative distribution program. Among them, China Post can learn from SF's overseas self-mode, to strengthen the self-branch layout of countries along the "B&R", improving the operational efficiency at the same time enhancing self-mode. Of course, overseas self-mode is not the only way to solve the problem, China Post should follow the principle of "act according to circumstances, due to time and different" to find the "last mile" problem solutions of neighboring countries, rather than blindly imitate, or copy the self-mode of others. For the overseas market of China Post with certain existent operating experiences, such as Russia, which China Post has learnt its local culture, lifestyle, customs, infrastructure, based on the existing operating model, inpouring the self-employed model thinking could improve the local user experience satisfaction. Such as spending in Russia to set up self-employed, with the combination of "Russian Ural China Overseas warehouse" which is under constructing, could reduce the "households to households" circulation, in order to ensure the logistics aging and achieve the deep plowing in the local market. And for the overseas markets which China Post does not enter or areas whose local transport system is underdevelopment or China Post does not know well about local culture, self-mode may not be the best solution. Such as the Vietnamese market, there are obvious logistics barriers, longer delivery time, aging instability; India lacks the efficient and perfect transportation system and cultural customs on the local business style also have a greater impact. Based on this, China Post can learn from the establishment of the logistics tracking system of overseas posts for local users to offer the real-time query logistics information; use of unmanned aerial vehicles, crowdsourcing logistics, self-delivery point, intelligent express counters and other terminal delivery methods, and corresponding layout of self-service equipment, such as large mails, community lockers, etc., provide customers with independent service options. China Post can also cooperate with the local express business in delivery, such as Uber and other countries' taxi companies, multi-using resources to solve the distribution problem, to overcome the logistics "last mile" problems including transport personnel scarce, poor traffic, high cost, low efficiency, time mismatch and other pain points. At the same time, employing local labors who are responsible for

distribution to weaken the hostility of local residents to foreign enterprises, and reduce the cultural incompatibility caused by the error rate.

6.1.2 Inpouring the intelligent logistics thinking, high-tech subverts the traditional mode of operation

Faced with their own deficiencies and changes in the international environment, China Post needs to focus on the future development trend of science and technology urgently, to enhance their scientific and technological strength. At present, robots, large data technology have already been used in the logistics industry. Occupying the industry peak, is bound to walk in the forefront of science and technology. With the development of 5G, Internet of Things, unmanned, cloud, virtualization and other technologies will strengthen the connection among people with people, people with things, and the connection between the materials, formation of all things interconnected, and will integrate in the work and study, leisure and entertainment, social interaction, industrial production and other aspects. At present, China is at the forefront of the development of 5G, China Post could layout in advance, timely inpouring the intelligent logistics thinking, for the application of new technology champion, in order to achieve that the package is brought into the large data thinking and intelligent logistics concept in the collection, sorting, scanning, transferring, distribution, sign and a series of logistics links to ensure the efficient operation of the various links and transport records can be traced, Items can be tracked and other effects. For example, in the sorting session, the establishment of intelligent sorting center, will change the manual sorting mode. The use of robots and automated warehouse and other technologies, and the use of automatic access, robotic robot picking, automatic sorting, intelligent task allocation technology, both will achieve "people looking for goods" to "goods to find people". In the allocation session, the use of delivery route optimization system, taking full account of vehicle resources, cost information, customer time, traffic restrictions and other factors, takes specific costs determining the optimal route program, to create multi-station route optimization; Refinement, mobile, and integrated cloud solutions that count tens of thousands of delivery route optimization solutions per minute to design the best transport route for the delivery driver. In the delivery session, the use of unmanned aerial vehicles and delivery postman connected seamlessly, for the areas with poor transport facilities, sent the delivery of parcels. In the whole process of data collection,

the integration of cargo tracking and positioning, radio frequency identification, electronic data exchange, visualization technology, robot technology, mobile information services and location services could ensure real-time data records and updates to enhance user satisfaction.

6.1.3 Catch the cross-border electronic commerce——multiple service platform

China Post should actively build "Internet + International Electric business" global strategy, and create a multiple online service platform. Firstly, for creating this platform, China Post has a good example called "e-Packet" which is cooperating with the E-Commerce platforms. It is a good example. Therefore, China Post should pay more attention to the cooperation, including eBay, Alibaba, Amazon, Dunhuang, etc. They can combine online with offline resources to create an express Internet ecosystem with "information services + Delivery services + financial services + agency services "and others. China Post needs to open up the flow of the entrance, create online mode and through line business outlets to introduce offline processes, create the international business integrated service platform with the mode of "online + offline". Secondly, China Post should further build Cross-Border Electronic Commerce integrated service platform. On the basis of the existing E-Commerce platform, building the National Post International Exchange Bureau as a supervision offline, and the multiple service platform which can provide online Information. However, these also need the cooperation with the General Administration of Customs, General Administration of Quality Supervision and other regulatory departments. This platform can provide the service of "general export", "bonded exports", "direct import" and "bonded imports" at the same time. And it also can provide users with general export tax rebate, bonded import goods and other specific services. Thirdly, it should pay attention to sharing information and building a large data analysis service platform. Such as data collection, express mail recipient information, purchase of goods information, purchase model, traffic flow, product categories dynamic conditions sharing, national import and export mail analysis and other data, and become China Post International Information Database service platform. China Post can use the relevant data along the B&R for deep excavation and special analysis, and can provide analytical resources and tools for their products, and provide external services according to the analysis results.

6.1.4 Accelerate the strategic layout, the use of location advantages to create docking window

In the history of overseas operations, the initiative of Harbin International Mail Exchange Bureau is undoubtedly a success. China Post takes full use of geographical advantages of adjacency to Russian, and they also have the logistics demand market which is driven by cross-border electric business. They by virtue of the Sino-Russian policy dividend open the air, water, land and other multiple logistics channels according to local conditions. Now, China Post services in Russia and can influence Northeast Asia using their industry chain and the transport capacity which is strengthened by complementing each other with electricity business enterprises. On this basis, China Post should promptly make the next strategic layout and use the existing successful experience of overseas market docking window construction. What's more, China Post should also use its unique international mail processing center and copy "Harbin model" to other cities, they can form new overseas pattern with Xinjiang, Chongqing, facing the West Asia, Guangdong for Southeast Asia, Anhui for Northeast Asia, Fujian for Southeast and South Asia and lay the foundation for the next strategic layout - the establishment of zoning system.

6.1.5 Enhance the strategic height and create Zoning system international express operation mechanism

China Post should get rid of the management mode of "rest on its laurels", "conservative rigid" ,on the basis of docking window successful establishment, gradually break through the existing administrative divisions of the international express delivery model, and builds Northwest Area, Northeast Area, Southwest Area, coastal Area, land Area. In the northwest and northeast regions it can play Xinjiang's location advantages to open the important window to the west. In order to deepen the cooperation with Central Asia, South Asia, West Asia and other countries, these places are the core area of the process of opening. China Post has network logistics business in Shaanxi, Gansu and Ningxia, Qinghai, and they should take this advantage to build the channel to Central Asia, South Asia, West Asian countries. And they can play the advantages of the link between Inner Mongolia and Russia, improve the railway channels and networks between Heilongjiang and Russia, as well as land and sea

transport cooperation among Heilongjiang, Jilin, Liaoning and the Russian Far East, opening up a broader logistics market, building an important window facing to the north; In the southwest region, they can play Guangxi's unique advantages of adjacent to ASEAN countries, such like speeding up their network layout in "Guangxi Beibu Gulf Economic Zone" and "Pearl River - Xijiang economic zone" for building an international channel for the ASEAN region and becoming a new fulcrum in this area. They can play the location advantages, build international transport corridors with neighboring countries, and create a new highland among Mekong. As for the coastal areas, they can make full use of the high open degree, powerful economic strength, strong radiation leading role of Yangtze River Delta, Pearl River Delta, the West Bank, Bohai Sea and other economic zones to accelerate the construction of logistics and transport infrastructure, and make full use of "Qianhai" in Shenzhen, "Nansha" in Guangzhou, "Hengqin" in Zhuhai, "Pingtan" in Fujian and other open areas to promote the development of the logistics market; However, in the inland area, they can use the board land, abundant labors, better industrial infrastructure, and rely on the city groups in the middle reaches of the Yangtze River, Chengdu , the Central Plains, Inner Mongolia 's "Golden Triangle" area, Harbin and Changchun and other key areas to promote the logistics industry interaction and agglomeration. They should use the unique geographical advantages of the region, and deepen cooperation with Central Asia, South Asia, West Asia, Southeast Asia, Europe and others to promote international delivery business. For example, in order to develop a good situation in Harbin, China Post sets up Harbin International Mail Exchange Bureau, but their capacities are limited. So the Bureau should be gradually formed into the Northeast International Mail Distribution Center, strengthening international capacity, so that China Post can form a stronger capacity of radiate to Northeast Asia. Thereby they can reduce the steps of international mails, furthermore, they can promote the cross-border e-commerce industry in Harbin. In this way, they can improve China Post overseas market development comprehensively. We can use the unique location advantages of some special regions, such as Guangdong, Henan, Shanxi, Anhui and Fujian(Table 8).

Table 8: Existing measures of China Post in some provinces and the concept of the window

Province	Existing Measures	Location Advantages	Targeted market
Guangdong	Dongguan International Mail Exchange Bureau	Tiehai Interchange "the Broad and Road" in Dongguan, opened the "Yue Xin Ou""Yue Man Russian" freight line. Humen port to Taiwan, Hong Kong and Vietnam and other Southeast Asian countries opened direct flights and set up China Post South China Railway mail hub	Southeast Asia
Henan	Zhengzhou "location + integrated hub"	Henan Post has opened Zhengzhou 19 direct flights to the postal route to Russia, Singapore, Thailand and other 14 countries, ready to open agents of the Central and European countries to export mail	Northeast Asia, Southeast Asia
Shanxi	Xi'an mail processing center project	As China Post's largest new mail processing center, covering about 332 acres, the design day to deal with all kinds of mail about 1 million, set the postal trunk transport center, Xi'an mail processing center, northwest warehousing logistics center, the International Mail Exchange , Cross-border e-commerce northwest center five functions as one integrated hub project	Central Asia, Northeast Asia
Anhui	Hefei International Mail Exchange Bureau	Providing inbound and outbound mail processing, inspection, customs clearance function, to achieve total package straight sealing in the United States, Japan, Russia and other 10 major countries	North-east Asia
Fujian	entry and exit express supervision center of Fuzhou and Xiamen Cross - border e-commerce integrated service platform	Geographically close, business-intensive with ASEAN opened 51 maritime routes to Southeast Asia and 5 air routes	Southeast Asia, South Asia

6.2 Feasibility of zone system international express operation mechanism

Based on the above plan blueprint and with the development of “B&R”, China Post needs to seize the opportunity, and not only revitalize the domestic logistics business, drive other Chinese logistics enterprises to be international, but also arrange the national logistics network along the area to lay the foundation for creating a world-class logistics Enterprises. So here, we will focus on the analysis of the feasibility of the future blueprint, especially the zone system international express operation

mechanism.

6.2.1 Abundant capital as a guarantee

Logistics industry is more inclined to capital-intensive industries, especially in the start-up period. Companies generally need to use a lot of capital to buy logistics infrastructures, such like cars, trains, aircraft and other fixed assets. So their profitability is relatively weak in the early time. From this point of view, the logistics company must have enough self-owned assets to support the company's operations. In this point, China Post also has the problems mentioned above, such as operating mode is limited by the traditional, lacking of technological innovation and other issues. So, solving these problems also needs a strong financial security as the cornerstone.

Fortunately, as a state-owned enterprise, its own assets are strong and increasing year by year, with the assets exceeding one billion in 2015. In terms of profit, China Post has been growing in 2011-2015, even the growth rate is more than 100% in 2012. These provide a good guarantee for its asset accumulation. China Post is well funded, it not only can have the existing logistics infrastructure, but also can continue to update the fixed assets, improve service quality, while adequate assets will also improve the ability of taking risks. And we can say China Post had the strong financial capacity which others can't match easily. Therefore, China Post's financial capacity can play a certain protection role.

Table 9: China Post Profit Analysis Chart (Unit: million)

Originating Station	2011	2012	2013	2014	2015
Operating income	28093	40023.3	50932.9	58964.6	65693.2
profit	1306.9	3084.7	4082	4114.9	4641.1
assets	534267.4	676889.7	812304	949358.9	1048008.5
Return on assets	0.20%	0.50%	0.50%	0.40%	0.40%
Profit increase or decrease	/	136%	32.40%	0.80%	12.80%

(Source: Fortune Chinese、Wind Database)

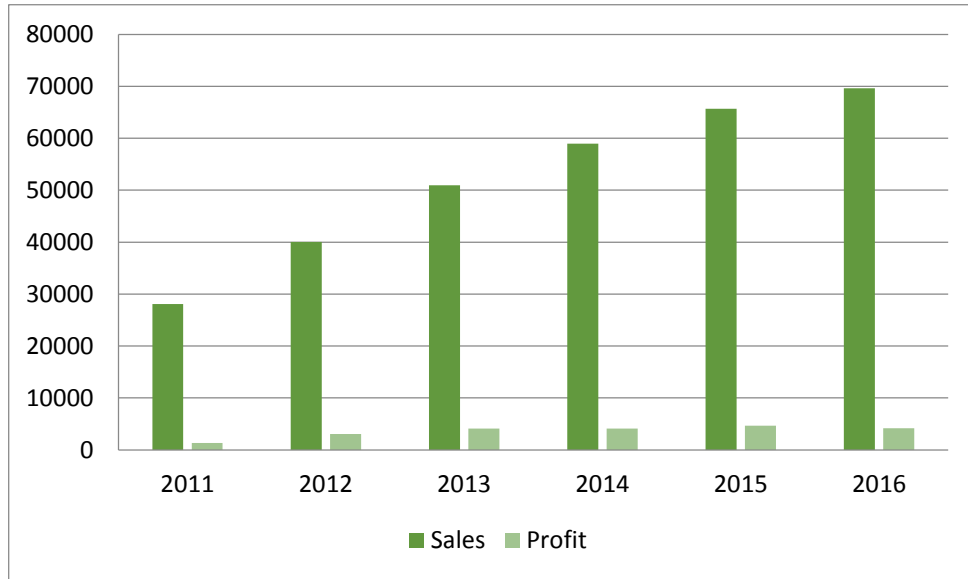


Figure 15: Analysis of China Post's Profitability (Unit: million RMB)

(Source: Fortune Chinese, Wind Database)

6.2.2 Experience accumulated——layout of overseas markets

Overseas market is different from the domestic market. For enterprises, the overseas markets' geographical and human environments, legal systems are unfamiliar, thus the risks are far greater than in the domestic. From this point of view, for a "Go globally" enterprise, the experience of overseas operations is a strong "soft power", so the enterprises can use their experience to select the target market and carry out business according to local conditions, which can reduce the "trial and error" costs. China Post has some advantages in this regard. China Post is the earliest overseas enterprises, and it has made some achievements in overseas warehouse and cross-border electricity business platform construction, and these increased the possibility of development along the countries under the B&R. Take the following:

In the overseas warehouse construction, China Post has opened the United States, Britain, Germany, Australia and other countries. Now, they accumulated a lot of overseas operation experience. China Post with overseas warehouse through the integration of international postal channel resources, professional operations team and information systems launched a safe, stable and efficient overseas warehouse, and provided the best logistics solutions for Cross-Border Electronic Commerce. It should also be noted that in October 2015 China Post and Russia signed a contract on the "Russian Ural China Overseas Warehouse" project to accelerate the process of building

overseas warehouse along the “B&R”. In the further deployment of the work, China Post has learned from experience, which steps up to promote overseas warehouse construction in the key regions along the “B&R” and a global warehouse network system platform to form the international cloud warehouse business strategy. What’s more, it focuses on research and establishes the border warehousing, especially the key regions, as well as the design of international cloud warehouse and information system. China post strives to build China Post Overseas warehouse as one of their trump cards services in the market.

In the construction of Cross-Border Electronic Commerce platform, China Post has established a cross-border electricity service platform and achieved some success. Until now, they have won 2014 China's logistics and procurement of information excellent case, 2014 China Logistics Development Fund for the logistics Award first prize and 2015 China Logistics and Purchasing Federation Science and Technology Award "second prize and other honors.

In regional overseas, China Post built the Harbin International Mail Exchange Bureau of the initiative which was undoubtedly a success. And this built a good example for China Post to develop new markets and models.

6.2.3 Friendly environment provides possible

The first attempt of building international express channel between China and Europe which was made by China Post in Chongqing offered changes for copying Harbin model in the key positions, such like Xinjiang, Chongqing. As we all know, Xinjiang adjoins to Central Asia with border line of 5700 km, and it connects the domestic and foreign areas covering 1.3 billion people. Also, it initially formed a regional transport hub. The market demand is huge and is in rapid growth. In the international express business, Xinjiang international express delivery business totals 1974.34 million yuan in 2015, which was an increase of 19.74% compared with the previous year. In 2016, it completed 26 million yuan with an increase of 32.59%. In addition, their foundation was more ideal. China Post has five international mail exchange stations in Horgos and Hongqilafu in Xinjiang, and they are responsible for the international correspondence of waterway and land in some European countries, such as the five countries of Central Asia, Russia, Pakistan and Britain, France and Belgium. Parcel mails can totally straight seal, as well as by Asia to Eastern Europe,

West Asia, Central Asia and Russia and other countries of the third country waterway land. However, all of these are mainly by bus and air transports now. With the success of "Chongqing-Sinkiang-Europe International Railway ", Xinjiang as a key location can learn from this mode and increase railway transportations. To sum up, we can see Xinjiang as a window, copying the "Harbin model" and considering local conditions, further developing new markets into the Central Asian and European has a greater possibility.

Similarly, Chongqing is located in the junction of "the Silk Road economic belt", "China - IndoChina Peninsula Economic Corridor" (which is connected by the 21st century Maritime Silk Road) and the "Y" -shaped large channel in the "Yangtze River Economic Zone". It has unique location advantages in connecting the East and West, north and south. It has "Chongqing-Sinkiang-Europe International Railway" as support in land which along through the Kazakhstan, Russia, Belarus, Poland, Germany, etc. On the sea, the iron sea transport is a channel which connects South Asia and Southeast Asia. The air channel is also opening up. While we can know China Post already has accumulated mature experience in this place. In summary, China Post can make Chongqing as a window, and then copy the "Harbin model" and make it compatible with local conditions. We believe that there is a greater possibility of entering into Europe and South Asia, Southeast Asia market for China Post.

And so on, China Post can use their unique international mail processing center and the exchanging offices, switching stations, express supervision centers among all the country, to plan their future blueprint, such like making Guangdong as a window for Southeast Asia, Anhui for Northeast Asia, Fujian for Southeast Asia and South Asia.

7 Conclusion

The sea and land layout of "The Belt and Road" stressed is a logistics strategy design, so the leading position of the logistics industry in the strategy can't be shaken. And the surrounding market with large economies and population, released an unprecedented volume of logistics needs, coupled with the implantation of the cross-border e-commerce. The surrounding market is bound to bring unprecedented opportunities for the domestic logistics enterprises to carry out overseas layout. During this period, it is hopeful to solve the long-standing common problems of domestic

logistics enterprises—"big but not strong" through the scale of economies which comes from broadening the scale the overseas markets, fierce competition caused by logistics giants mustered overseas markets, favorable policies, internal strategic adjustment responding to market changes.

In order to seek the successful routes of the domestic logistics enterprises' successful distribution of markets along "B&R", this paper takes China Post as a typical case and does in-depth analysis. As the "national team" of the logistics industry, China Post, with one hundred years history, has its own competitive advantages. Fitting for Dunning International Production Compromise Theory, China Post has obvious ownership advantages that China Post possesses the global postal network which can reach more than 200 countries and regions; "EMS" and international e-packet and other postal brands have a great reputation in the overseas; as the earliest and the largest logistics service providers of China, there are obvious advantages in seizing the cross-border e-commerce logistics market; possessing convenient and fast postal customs clearance channels and more than 50 ports of aviation, land and sea, China Post has higher customs clearance ability. In addition, China Post gets high recognition and acceptance along the market, the national policy bring much convenience which form internalization of the advantages, China Post's unique port resources and geographical advantages attract frequent exchanges along the line and the logistics market is unprecedented large and so on. All of these form China Post core competitiveness. China Post relying on these core competitiveness, has been riding "Belt and Road" initiative along the way" and started exploring in the oversea market ,including the e-packet has extensively penetrated nine countries; China Post plays a geographical advantage and establishing of Harbin International Mail Exchange which help our country get through Russian cross-border electricity business air and land logistics channel, radiating Northeast Asia market; Taking Chongqing as a pilot position, China Post creates international rail transport, becoming the first logistic enterprise in China to create Sino-European flights and prepare for China post to enter Central Asia, Europe; What's more, cooperate with Southeast Asia's largest cross-border e-commerce business platform LAZADA to explore business opportunity in Southeast Asia.

However, with the in-depth analysis of China Post's internal structure and market strategy, we find that the problem of "big but not strong" is still outstanding, and it is high time that we get to know the bottom of the short board. Therefore, China post can

realize the strategy, and achieve the goals to guarantee the market share. Based on this, we make the conclusion that the short board are that a "last mile" problem is severe, the operating mode is limited and traditional, the technology innovation is obsolete, and the strategic layout is dull. Just like an old saying goes "Phoenix Nirvana, a new lease of life", China Post needs to overcome the short board as a starting point, following the trend ignited by cross-border electric business along the logistics market , and continue to deploy its large channel large format, including upholding "according to local conditions, according to time" principle, weighing the two models of overseas self-mode and overseas cooperation with local business mode in order to overcome the "last mile" problem; absorbed in the intelligent logistics thinking, transfer the traditional mode of operation by robot technology, data real-time record sharing, automated warehouse and other high technology ; following the trend of cross-border electricity business, build a "Internet + international electricity" integrated service platform and overseas warehouse alongside; change "rest on its laurels" conservative management thinking, regard Harbin International Mail Exchange Bureau of successful mode as a model, develop Chongqing, Xinjiang and many other domestic new window docking market; accelerate the strategic layout ,breaking the existing international express delivery business management model divided by administrative divisions of the provinces, set up five regions: the Northwest Area, the Northeast Area, Southwest Area, coastal area and inland area and create Zoning system international express operation mechanism.

In that strategic blueprint, finance is supported by the solid self-owned assets and ample funds; drawing lessons from the experience of the overseas warehouse, cross-border e-commerce platform, international e-packet and other overseas business is a better method; strengthening the competitive advantages brought by the windows of Harbin, Chongqing, Xi'an and other cities which own endowment advantages, provides the feasibility for the practice of the blueprint.

On the background of "the Belt and Road" initiative, China Post's "Delivery Wing" has started laying out market and is expected to solve its "big but not strong" problems, to reverse the awkward situation where China Post was defeated by its competitors. With the advantages of local policy and its large network advantages, China Post could successfully grab the market share to achieve a gorgeous turn. At the same time, we hope this case study also could give some suggestions to SF who firstly issued shares

and the other private logistics enterprises such as “Si Tong Yi Da” enterprises on how to spread their power to overseas market.

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