The impact of the Belt and Road initiative on the development of China's cross-border e-commerce

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Abstract

The research based on the relevant theories of cross-border e-commerce and the national initiative of Belt and Road, combined with the actual situation of China's cross-border e-commerce development, follows the research idea of "literature analysis - status investigation - empirical research - systematic summary - suggestion making". Adhere to the principle of combining theory with practice, and comprehensively adopted literature analysis, expert interviews, empirical research and experience summarization methods to discuss the impact of the Belt and Road initiative on China's cross-border e-commerce development status and dissemination paths. Then propose to promote the Belt and Road initiative, new ideas and countermeasures for the development of cross-border e-commerce under the Belt and Road Initiative.

Keywords

Belt and Road initiative; cross-border e-commerce; dissemination path; legal policy

1. Introduction

As a strategy with a brand-new development concept, the Belt and Road initiative has a wide range of influences. From a political point of view, it reflects China’s adherence to the concept of peaceful development and is conducive to enhancing political trust between China and the countries along the route. From an economic point of view, the Belt and Road initiative provides a bridge for economic cooperation among countries along the route, creates favorable conditions for bilateral or multi-regional development of countries in Asia and Europe, and is conducive to solving the economic supply and demand of countries. From a cultural point of view, the Belt and Road initiative aims to deliver Chinese culture to countries around the world, promote friendly cultural exchanges between countries actively, and promote cultural prosperity in Asia and Europe. At the same time, the Belt and Road initiative also has great significance for the development and dissemination of cross-border e-commerce in my country.

As of December 2021, China has signed more than 200 cooperation documents with 145 countries and 32 international organizations to jointly build the Belt and Road, and the import and export volume of cross-border e-commerce is also growing rapidly, as shown in Figure 1
It is not difficult to see that in 2020 and 2021, the scale of enterprises in cross-border e-commerce has grown substantially. Looking back at the early days of the outbreak of the covid-19 pandemic, all walks of life have stopped production and work for a while. After China's active and effective fight against the epidemic, various industries have resumed work and production quickly to meet the needs of people's livelihood. At the same time, the epidemic has continued to spread abroad, and the manufacturing and processing industries have been hit hard, the international market is in short supply of living materials. This has also brought new development opportunities for China's cross-border e-commerce enterprises. Under the epidemic, many industries have been impacted, and it is even difficult to maintain normal business activities. In contrast, the scale of China's cross-border e-commerce enterprises has not decreased but increased, especially the total export value has continued to rise. According to the China’s customs statistical survey, the import and export scale of China’s cross-border e-commerce in 2021 was about 1.9237 trillion CNY, an increase of 18.6% over 2020, accounting for 4.9% of the total import and export, see Table 1 for details.

Table 1: Statistics of China’s cross-border e-commerce import and export in 2019-2021

<table>
<thead>
<tr>
<th>Age</th>
<th>Amount (100 million CNY)</th>
<th>Growth rate (%)</th>
<th>proportion</th>
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<td>12903</td>
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<td>2020</td>
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<td>10850</td>
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2. Analysis of the advantages of China's cross-border e-commerce

2.1. The development scale of cross-border e-commerce continues to expand

Under the Belt and Road initiative, China has continuously maintained friendly exchanges and economic cooperation with countries and regions along the route. In the past five years, the total export volume of various commodities sold to more than 54 countries along the Belt and Road through major e-commerce platforms has continued to grow. At the same time, Chinese consumers also purchase goods from countries and regions along the route through cross-border e-commerce platforms such as Alibaba, Amazon, and AliExpress.

![Figure 2: The transaction scale and growth rate of China's cross-border e-commerce industry from 2017 to 2021](image)

As shown in Figure 2, the scale of China's cross-border e-commerce platforms continues to expand, and the market transaction volume in 2019 exceeded 10 trillion CNY, a year-on-year increase of 16.66%. Subsequently, the market transaction scale of China's cross-border e-commerce industry continued to expand, and the growth rate continued to rise. It’s also an important driving force for foreign trade growth.

2.2. Diversification of cross-border e-commerce import and export products

In the cultural exchanges between countries and regions along the Belt and Road, the types of cross-border e-commerce import-and-export commodities are gradually diversified.

In addition to traditional products such as clothing, shoes, hats, bags, outdoor products, and health and beauty, products such as maternal and child toys, home gardening and auto accessories have also been added. Especially, electronic products of China are very popular for foreign consumers. As shown in Figure 3:
Figure 3: Category distribution of China's imported cross-border e-commerce in 2019

It is not difficult to see that China's imported consumer goods are mostly high value-added commodities. Transportation, food, tobacco and alcohol account for more than 60% of the overall proportion, and there are many imported categories. At the same time, China's export of cross-border e-commerce is also rich in categories. Electronic products are the most popular among foreign consumers, followed by clothing and outdoor products. In addition, exported products of China's cross-border e-commerce also include masks, disinfectants and other epidemic prevention supplies. Affected by the Covid-19 epidemic in the past two years, the total cross-border e-commerce exports of epidemic prevention products made in China have also risen sharply.

Figure 4: Category distribution of Chinese export of cross-border e-commerce in 2020

2.3. Policy advantages
With the continuous advancement of China's scientific and technological level and the continuous advancement of the "globalization" of cross-border e-commerce, in order to develop cross-border e-commerce enterprises in a more targeted manner, China has successively established a number of cross-border e-commerce comprehensive pilot projects in the urban area. It aims to pilot the technical standards, business processes, supervision models and informatization construction of cross-border e-commerce transactions, payment, logistics, customs clearance, tax rebates, and foreign exchange settlement. In order to better serve cross-border e-commerce enterprises, various cross-border e-commerce comprehensive pilot zones in China have set up online comprehensive service platforms, which are a one-stop comprehensive service platform, combination of cross-border e-commerce, market procurement, general trade and other trade methods. From December 2019 to April 2020, in less than half a year, the State Council has twice approved the establishment of 70 cross-border e-commerce comprehensive pilot zones, and several comprehensive pilot zones have built online comprehensive service platforms, the online comprehensive service platform has gradually become the standard configuration of the comprehensive test area.

3. Analysis of the predicament of China's cross-border e-commerce

3.1. The legal system is not perfect

On January 1, 2019, the "E-commerce Law" was officially implemented, which is the first comprehensive law in the field of e-commerce in China. The promulgation of the "E-commerce Law" not only improves the legal system in the field of e-commerce in China, but also provides a relevant theoretical basis for solving basic problems in cross-border e-commerce. However, in terms of cross-border electronic payment, cross-border logistics and taxation, there is still a lack of relevant legal regulations. Once legal disputes arise in cross-border e-commerce transactions, there may be problems that cannot be resolved or legal loopholes are exploited. In recent years, China's cross-border e-commerce has developed rapidly, involving a wide range of fields, and legal issues between cross-border e-commerce sellers and buyers have gradually become normalized. Without a sound legal and regulatory system, it will be impossible to protect the mutual interests between consumers and merchants. At the same time, it will also hinder the development and external dissemination of cross-border e-commerce.

3.2. Insufficient competitive advantage

In recent years, although the development scale of cross-border e-commerce in China has been expanding, from the perspective of the global economy, China still lacks certain competitive advantages compared with some developed countries. The most difficult problem is the lack of professional talents. Although more and more young people are engaged in cross-border e-commerce in China, there are very few professional cross-border e-commerce practitioners. The cross-border e-commerce industry requires both professional cross-border e-commerce and international trade-related theoretical knowledge, rich cross-border e-commerce platform practical experience, and compound talents with certain foreign language communication skills. On the other hand, China's cross-border e-commerce imports and exports have a wide variety of categories, but obvious lack of product characteristics.
Cross-border e-commerce sellers lack an understanding of the customs and culture of trading countries, and also lacks features on overseas marketing planning, resulting in insufficient competitive advantages for cross-border e-commerce exports.

3.3. logistics issues of Cross-border e-commerce

Cross-border logistics, as an important part of cross-border e-commerce trade, directly affects the smoothness of cross-border transactions. China's cross-border e-commerce logistics operates in the form of "multi-modal coexistence", but the overall cross-border logistics system is not perfect, and each logistics mode has drawbacks. For small parcel express, sellers usually choose China Post, whose network can basically cover the whole world; but it also has the risk of high packet loss rate and long transportation time. The express speed of international express transportation is fast, and the customer experience is also very good, but its price is very expensive. Many large e-commerce companies choose to establish overseas warehouses to solve the problems of slow delivery and long delivery time, and at the same time to save costs, but the scope of domestic collection is relatively limited, and the coverage area needs to be expanded. It can be seen from this that China's cross-border logistics industry is facing many unsolved problems. Therefore, it is necessary to build a complete cross-border e-commerce logistics system to more effectively serve China's cross-border e-commerce import and export trade.

4. Opportunities and challenges of China’s cross-border e-commerce under the Belt and Road Initiative

4.1. Development opportunities and trends

4.1.1 Promote cross-border e-commerce in the cultural industry

The categories of China's cross-border e-commerce import and export products are various, but they lack product characteristics. Cross-border e-commerce sellers lack an understanding of the customs and cultures of trading countries, lack features of overseas marketing planning. Cultural differences and cultural identity have not brought new opportunities for cross-border e-commerce. Under the background of Belt and Road, China carries out cultural exchange and cooperation projects with countries and regions along the route actively, spreads traditional Chinese culture, actively understands the cultural concepts and customs of various countries, and strives to create a friendly cultural exchange system with neighboring countries, so as to break the inherent cultural barriers. Countries along the route can pour their cultural concepts and cultural characteristics into cross-border e-commerce products, thereby enriching the categories of cross-border e-commerce merchants, On the other hand, countries along the route can seek new business opportunities for cross-border e-commerce through cultural exchange activities with neighboring countries, so as to achieve a "win-win" situation of cultural integration and development of cross-border e-commerce.

4.1.2 Actively remove trade barriers

In order to protect the interests of local enterprises, all countries have adopted relevant measures to restrain the development speed of international trade, which will undoubtedly cause certain obstacles to the development of traditional physical trade and cross-border e-commerce. With the emergence of e-commerce and cross-border e-commerce, the United States and European Union countries have introduced the principle of "zero taxation".
Subsequently, many countries have also adopted tax exemption measures to try to break the traditional tariff barriers, which is a big step in promoting the globalization of cross-border e-commerce. However, it is not enough to simply eliminate tariff barriers. China sees the importance of "eliminating trade barriers and realizing unimpeded trade". Therefore, under the guidance of the "Belt and Road" initiative, China actively sign bilateral or multilateral agreements with countries and regions along the route, to establish a free trade negotiation and cooperation mechanism, continuously improve China's cross-border e-commerce legal system, and improve relevant legal mechanisms to eliminate trade barriers between China and the countries and regions along the Belt and Road, realize the smooth development of cross-border e-commerce in countries along the route.

4.1.3 Optimize the environment of cross-border logistics

At present, China implements a cross-border logistics model of "coexistence of multiple forms", which is relatively flexible and basically meets the needs of cross-border e-commerce sellers. But the cross-border logistics environment at home and abroad is also more complex, and there is a lack of unified cross-border logistics service standards. After the Belt and Road initiative was put forward, the China government issued a series of cross-border logistics and transportation service standards and agreements, aiming to increase the enthusiasm of the cross-border logistics industry and optimize the cross-border logistics environment. At the same time, China has also established the Yiwu-Xinjiang-Europe cargo train, which is also an important way for Zhejiang Province to participate in the national Belt and Road construction. During the epidemic period, the Yiwu-Xinjiang-Europe cargo train took on the important task of transporting cross-border e-commerce enterprises in the Yangtze River Delta region to Europe. It has achieved normal operation, and has shipped 8.9 million cross-border parcels as of September 1, becoming the forerunner of the domestic "digital train".

4.1.4 Optimize of customs clearance services

China has been continuously optimizing cross-border e-commerce customs clearance services to accelerate the global development of cross-border e-commerce, and strive to simplify customs clearance procedures and maximize convenience for cross-border e-commerce sellers. Before the Belt and Road initiative was proposed, due to differences in legal systems and customs treaties in various countries, there were various restrictions on the customs clearance process of cross-border e-commerce, and customs clearance services were repeatedly hindered. Since China has incorporated the Belt and Road initiative into its practical strategy, the Chinese government has encouraged various cross-border e-commerce comprehensive pilot zones across the country to build online comprehensive service platforms to help sellers complete the online customs declaration process, which not only simplifies the operation process, but also complies with the requirements of Zhejiang Province. In addition, China has also established an association mechanism for cross-border e-commerce customs clearance services, which not only optimizes customs clearance services, but also optimizes regulatory services and certification services, providing technical support for the development and dissemination of cross-border e-commerce.

4.2. Problems and challenges
4.2.1 Infrastructure

Cross-border e-commerce platforms and cross-border logistics are the infrastructure for developing cross-border e-commerce. In recent years, China has been continuously optimizing and improving them, and encourages the establishment of independent cross-border e-commerce stations and international logistics cooperation. It still cannot meet the needs of cross-border e-commerce. First of all, cross-border e-commerce platforms have not yet achieved global coverage, also languages, technology level and consumer purchasing preferences of countries are different. Cross-border e-commerce platforms must have good information processing and service capabilities to ensure smooth exchange of international transaction information. Secondly, although China has been continuously optimizing the cross-border logistics system, actively cooperating with international logistics companies, and building the Yiwu-Xinjiang-Europe cargo train, it has never been able to meet the needs of the existing market. Therefore, strengthening the interoperability of infrastructure is of great significance for promoting the development and dissemination of cross-border e-commerce.

4.2.2 Laws and regulations

Although China has been actively formulating relevant laws and regulations and policies for cross-border e-commerce, the existing legal norms still need to be continuously improved. Countries along the Belt and Road have their own cultural identities and religious beliefs, and there are also obvious differences in the legal systems of various countries. Vigorously promote cultural tolerance and cultural integration, integrate the cultural concepts and characteristics of each country into the cross-border e-commerce industry, maybe It will bring new business opportunities to countries and regions along the route. Compared with cultural differences, legal conflicts between countries are likely to hinder cross-border e-commerce transactions, and even lead to more serious consequences. The Belt and Road initiative has brought many trade cooperation to the countries along the route. On the other hand, it will also bring some insurmountable legal conflicts. Therefore, it is very necessary to solve the legal conflicts between countries and unify the cross-border e-commerce tariff system, also the inspection and quarantine system of the countries along the route.

4.2.3 The credit system of cross-border e-commerce

In the cross-border e-commerce field, it can not only save costs for both parties, also overcome the limitations of time and space, but it also brings certain credit risks to both parties. Some dishonest traders or criminals will use cross-border e-commerce platforms to engage in illegal transactions, thereby obtaining illegitimate benefits. Although China has been continuously optimizing the credit supervision service system and striving to build a credit supervision system, the virtuality of cross-border e-commerce has also brought a lot of difficulties to credit supervision. The countries and regions along the Belt and Road are widely distributed, and the cultural backgrounds and legal systems of each country are quite different, which will bring great difficulties to the cross-border e-commerce credit supervision. The cross-border e-commerce credit supervision system is a serious challenge.

4.2.4 Trade barriers and external impact
The Belt and Road initiative has brought new opportunities to China and a huge international market to countries and regions along the route. Although China and the countries and regions along the Belt and Road are very active in promoting economic cooperation and maintaining friendly cultural exchanges and policy communication, trade barriers between countries cannot be eliminated. In order to protect local enterprises, various countries will still promulgate some customs treaties to restrict the export trade of China’s cross-border e-commerce. How to eliminate trade barriers between countries is an issue that every country along the route is very concerned about. At the same time, in addition to international trade barriers, external impacts are also an important factor restricting the development of cross-border e-commerce in China. At present, the international political situation is complicated, trade disputes are constant, all of which have brought a certain external impact to the development of China’s cross-border e-commerce.

5. Suggestions

5.1. Improve the cross-border logistics cooperation system

In recent years, China has been continuously optimizing the cross-border logistics environment and strengthening international cross-border logistics cooperation, but it cannot meet the needs of global cross-border e-commerce. The Belt and Road initiative has built a bridge of cooperation between China and countries along the route. While conducting cross-border e-commerce trade, countries should strengthen the construction of infrastructure. In the context of the Belt and Road, following the principle of peaceful co-construction and jointly building an international logistics and transportation network platform, it can not only realize the interoperability of logistics facilities in countries along the route, improve the transportation efficiency of cross-border logistics, but also reduce the logistics and transportation costs of various countries, also formulate standardized and unified transportation rules to improve the operation efficiency of the entire cross-border logistics system. In addition, further expand the transportation scale of the China-Europe train, build an interconnection network based on railways and ports, create a new international land-sea trade channel. China and the countries along the route should jointly formulate unified transportation rules for China-Europe trains, and at the same time, digital logistics technology can be introduced to make the cross-border logistics cooperation system more intelligent, convenient, efficient and sound.

5.2. Integration of digital technology and infrastructure

With the advent of the "Internet +" era, the integration of digital technology and infrastructure has become a common phenomenon. China has set up a number of cross-border e-commerce comprehensive test areas to explore new paths. China Zhejiang, as a leading foreign trade province, is also actively taking advantage of the Internet. At present, each comprehensive pilot zone has established an online comprehensive service platform, which mainly provides government affairs services for cross-border e-commerce enterprises, including: filing services, customs clearance services, trade data certification, online foreign exchange settlement services, etc., which not only plays an important role in supporting It also promotes the digital development and dissemination of cross-border e-commerce. In contrast, countries along the Belt and Road have uneven levels of science and technology, and it is
difficult to overcome. China can increase investment in the digital infrastructure of countries along the route, share China’s experience in digital infrastructure construction, and guide countries to integrate digital technology with infrastructure construction, so as to build a digital network for the globalization of cross-border e-commerce services.

5.3. **Build an international rule system for cross-border e-commerce**

With the rapid development of cross-border e-commerce in various countries, it is particularly important to formulate standardized and unified international rules. Due to obvious differences in cultural backgrounds, legal systems, and technological development levels, China is vulnerable to various obstacles in the process of promoting and spreading the development of cross-border e-commerce to countries along the Belt and Road. Therefore, the joint formulation of unified international rules for cross-border e-commerce is a prerequisite for China and the countries and regions along the route to jointly promote the globalization of cross-border e-commerce. Thereby promoting the negotiation of bilateral or multilateral rules for cross-border e-commerce, accelerating cross-border electronic payment, the flow of cross-border data, customs clearance services, trade data authentication, and online foreign exchange settlement are interconnected with international rules. At the same time, the Belt and Road International Cooperation Summit Forum can be used to jointly coordinate the connection between cross-border e-commerce laws and regulations of various countries and international rules, so as to improve and optimize the international rules system of cross-border e-commerce.

5.4. **Strengthening talent cultivation for cross-border e-commerce**

At present, China and countries along the Belt and Road are facing the dilemma of shortage of cross-border e-commerce professionals. This shows the importance of strengthening the training of cross-border e-commerce talents. First, China should encourage colleges and universities to set up undergraduate majors in cross-border e-commerce with the goal of cultivating colleges and universities with solid theoretical knowledge of cross-border e-commerce. Compound talents with practical business experience. Secondly, for cross-border e-commerce talent training projects, the China government should give strong support, not only to provide government resources and services for cross-border e-commerce enterprises and universities, but also to provide preferential policies for training institutions, and to encourage the establishment of an online course resource system to develop Cross-border e-commerce talent network training. In addition, online education resources can also be shared with countries and regions along the route, strengthen international cultural exchanges and educational cooperation with countries along the route, build an international talent resource service platform, and facilitate the talent cooperation and development of cross-border e-commerce globalization.

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