The Factors Affecting the Development of Cross-border E-commerce in China

Fang WAN*, Qing CHEN

Institute of Technology, East China Jiaotong University, China

*s021713@163.com

Keywords: Cross-border e-commerce; Affecting factors; International.

Abstract. At present, the cross-border e-commerce in China has shown a good development trend, cross-border e-commerce still has great development space in many aspects. The analysis on the affecting factors of cross-border e-commerce can further promote the development of cross-border e-commerce in China. This paper mainly states the connotation of cross-border e-commerce, the significance of promoting the development of cross-border e-commerce in China and the main factors that affect the development of cross-border e-commerce in China.

Introduction

As Internet technology becomes mature, the e-commerce industry in China has developed rapidly. Cross-border e-commerce is a new form of foreign trade based on e-commerce. Different from the traditional trade, cross-border e-commerce takes Internet technology as technical support, and contact of both trading parties are done through social software, so the efficiency and speed of transaction in cross-border e-commerce are improved greatly compared with the traditional trading modes.

Connotation of Cross-border E-commerce

E-commerce is a new model of commercial trade that emerges with the development of the Internet. The transaction is completed by the Internet, and the way of settlement is electronic payment. The e-commerce is characterized by virtuality, cross space-time and so on. Cross-border e-commerce is the external trade part of e-commerce. Compared with other common e-commerce, cross-border e-commerce is a relatively advanced e-commerce. Specifically, cross-border e-commerce refers to both parties in different countries and regions carry out the importing and exporting business activities through Internet technology. The essence of cross-border e-commerce is e-commerce. It also has some characteristics of international trade, such as customs clearance, transportation, and insurance and so on in importing and exporting products. However, it needs to be emphasized that cross-border e-commerce is not only a traditional way of trade, transactions can be traded without limitations of time and addresses in any country or region through the Internet. At the same time, the trading goods of cross-border e-commerce are not limited to physical goods and can be virtual goods, services or real estates. For example, a user in a country can invest the real estate in another country or region through Internet, and trading product can be completed the transaction without being moved. The trading type that can best embody the superior function of cross-border e-commerce is the service transactions. The buyer purchases his required service through the Internet, such as the consulting service of a lawyer and software upgrading consulting service, and so on, which saves human labor, improves the utilization efficiency of global resources, and promote the development of global economy to a great extent.

The Important Significance of Promoting the Development of Cross-border E-commerce in China

Solving Trade Problems and Promoting International Trade Exchange

At present, the protectionism of some countries appears in the world, and the trade between
countries and regions is more difficult. In particular, some western countries have adopted anti-dumping strategies for imported commodities because of the rapid rise in their unemployment rate. Under the current situation of international trade, the development of China's foreign trade industry is in the face of difficulties. However, for cross-border e-commerce industry, the amount of trading items is small, and has not reached the scale of import and export, so it is rarely subject to trade barriers and government interference. The international trade market has trade barriers in order to break the trade protectionism. In addition to strengthening exchanges and cooperation between countries to reduce resistance, it can start from the cross-border e-commerce industry and promote trade exchanges between the countries in the world. Therefore, cross-border e-commerce is an important trade way for China to solve the trading problems at present.

**Changing the Traditional Mode of Foreign Trade and Improving the Efficiency of Foreign Trade**

The rapid development of Internet technology promotes the contact between the countries in the world, China's traditional business model has been unable to meet the new form of international business development. Therefore, to establish a correct concept of foreign trade export and actively promote the development of China's foreign trade has become a trend. The development of cross-border e-commerce can change the traditional export model and promote the allocation of China's resources and effectively improve the efficiency of foreign trade.

**Effectively Enhancing the International Competitiveness of China's Exported Commodities**

At present, the development gap of China's cross-border e-commerce with the developed countries is not as huge as the one in other aspects, so the positive development of cross-border e-commerce has important significance to follow the development trend of international trend and strengthen the international competitiveness of China's export commodities. The domestic e-commerce industry is gradually mature, which is good for the further development of cross-border e-commerce, some business platforms have expanded the function of international trade and have achieved great progress, which shows that the development of cross-border e-commerce is the development trend, only conforming to the development trend of times, it cannot be eliminated by times. So the development of cross-border e-commerce is not only conducive to enhancing the international competitiveness of China's commodities, but also makes the trade connection between China and other countries, which will not be eliminated by the times.

**Main Factors Affecting the Development of Cross-border E-commerce in China**

**The Efficiency of Customs Clearance Is Low and the Supervision Is Difficult**

The transactions of traditional international trade are usually large amounts of commodities. It usually takes a long time to complete a transaction, so the frequency of trading is relatively low. Therefore, the traditional international trade is convenient for customs supervision. But cross-border e-commerce and traditional international trade are different in many ways. In cross-border e-commerce, the two sides do not need to meet, and they can directly complete transactions through the network, and those who communicate with consumers are also transformed from distributors to producers. Direct contacts between consumers and producers will have the situations that the trading amount is less and the number of transactions is increased, which is very convenient for the parties to the transactions. The market needs to change, the transaction amount can be modified timely. However, the workload of the customs will increase a lot. The main responsibilities of customs staffs are to supervise the import and export goods and levy taxes, ensure the goods to meet the regulations of China’s export and import laws. Customs staffs need time to carry out supervision and tax-levying, so that the demand for cross-border e-commerce cannot be met. At present, there are still many problems in customs supervision of cross-border e-commerce business commodities, such as how to effectively supervise small commodities, what kind of tax rates applicable to cross border electronic products, how to return quickly when
returning and exchanging goods. To some extent, these problems have hindered the further development of cross-border e-commerce in China. Therefore, effective measures should be taken to improve the efficiency of customs.

**Customs Declaration, the Tax Refund and Exchange Settlement Face Many Problems**

At present, China has issued a series of measures for customs declaration, inspection, exchange earning, and cancellation after verification, tax rebate and other aspects according to the characteristics of cross-border e-commerce, but there are no specific provisions. Some illegal persons and enterprises divide the commodities that need the customs declaration and inspection into small packaging and small products and sell these to the overseas areas, or avoid the declaration of goods by modifying the amount of invoices. Logistics enterprises cannot settle the exchange without the corresponding declaration vouchers in the centralized Customs declaration and cannot enjoy the export tax rebates. At the same time, some relevant laws and regulations in China also affect the settlement of foreign exchange to a certain extent. The export tax rebate can make the cost of goods in China do not contain tax revenue. It can help export goods compete with other commodities on the same condition, and can effectively expand the scale of export of our commodities and increase the foreign exchange earnings to a certain extent. But currently, most of the goods of cross-border e-commerce in China are small pieces, and have not yet been included in the supervision system of Chinese customs, or even these cannot be trade goods, so these cannot enjoy the export tax rebate policy.

**The Cost and Risk Problems of Cross-border Logistics**

Logistics plays a bridge role in e-commerce, which usually includes four links: warehousing, sorting, packaging and distribution. With the rapid development of e-commerce in China, a lot of private logistics enterprises are established, which greatly promotes the further development of the logistics industry, meet the development needs of China’s e-commerce, but also reduces the cost and risk in the process of logistics. However, for cross-border e-commerce, logistics is a major factor hindering its development.

The logistics mode of cross-border e-commerce is relatively simple, and most of enterprises deliver goods by air. However, because the number of cross-border goods is growing fast, the current logistics system simply cannot meet the transportation needs of goods. There are often many cross-border goods that are delayed or postponed due to the overload operation of the logistics sectors. In the meanwhile, there are many problems in the packing and sorting of cross-border e-commerce goods. In the process of transportation, the goods is often damaged and lost, and the risks of goods increase due to the long-distance transportation, which will affect the subjective image of consumers’ on cross-border transactions. Therefore, the cost in the cross-border logistics is a serious obstacle to the development process of China’s cross-border e-commerce.

**Payment Risk Exists in Cross-border E-commerce**

Electronic payment is the biggest difference between e-commerce and traditional trade. Electronic payment in e-commerce has a close connection with the security of both sides of the transaction. In the traditional trade, funds are often handled by the traders in banks with relevant documents, and there is little hidden danger in the security of funds.

However, in the cross-border e-commerce transactions, both parties are not willing to go through the complex guarantee procedures because of the small amount of transactions, and do not understand the credit of each other. Therefore, there is a large cross-border e-commerce payment risk, which may be that the buyer cannot receive the goods or the seller cannot receive the payment. However, at present China has no specific regulations on the payment of cross-border in e-commerce and no specific explanation for its business scope and amount of the funds. The fund payment in the whole cross-border transactions completely rely on the third party, but the technologies of the third party has not been mature, and the cooperation level with banks is insufficient, which cannot completely ensure the safety of funds. At the same time, there are also problems arising from the different exchange rates of various countries and regions in the payment
of cross-border transactions. In the payment of China's cross-border e-commerce payment, RMB cannot be cashed freely and cannot be the settlement currency of payment. China has not issue the relevant measures, which causes the cross-border e-commerce cannot successfully complete the settlement of funds, which hinders the development of cross-border e-commerce in China.

**Few Talents in China’s Cross-border E-commerce Industry and Lack of Scientific Management Guidance**

Cross-border e-commerce is a complex comprehensive project, involving many areas of expertise, such as e-commerce, international trade, Internet technology, law, marketing and so on. Therefore, the development of cross-border e-commerce needs a number of talents with skills and comprehensive development. First of all, enterprises that have been in the traditional trade mode have less understanding of cross-border e-commerce, and the talents help enterprises’ development of the cross-border e-commerce are less. For those who are more skilled in traditional trade mode, they do not have a correct understanding of cross-border e-commerce. Compared with e-commerce, they will often choose the traditional way of international trade that is relying on exporters and foreign agents to sell goods abroad. The customers faced by cross border e-commerce are personalized, and the staff of the company cannot adapt to the cross-border e-commerce business mode. Secondly, the development of cross-border e-commerce requires a large number of Internet technology professionals to upgrade and update the related software, order processing, payment and other sectors. But due to the characteristics of cross-border e-commerce itself, the qualified talents are in short. Finally, cross-border e-commerce involves different parties in different countries and regions. It is related to different laws and regulations, so the cross-border e-commerce industry needs talents who are familiar with relevant laws and regulations of foreign countries and China.

**Summary**

The important meanings of promoting the development of cross-border e-commerce in China include solving trade problems, promoting international trade exchanges, changing traditional mode of foreign trade, improving the efficiency of foreign trade, and effectively enhancing the international competitiveness of China's export commodities. The main factors affecting the development of China's cross-border e-commerce are that customs clearance efficiency is low, monitoring is difficult; customs issues are more, tax rebate settlement faces many problems; the cost and risk of cross-border logistics; there is a big risk of cross-border e-commerce payment; China's cross-border e-commerce industry talents are less, and scientific management guide is scarce.

**References**
