

# Research on the Development Status and Countermeasures of Cross-border E-commerce Industry in China

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**Abstract.** Given the general trend of economic globalization and the rapid development of e-commerce, China has witnessed a slow growth in its traditional trade but a rapid development in the cross-border e-commerce industry, which has also become an emerging trade form. Since the outbreak of COVID-19 in early 2020, the import and export volume of cross-border e-commerce has experienced an increase rather than a decrease, gradually becoming an important force for stabilizing foreign trade. While the booming cross-border e-commerce industry promotes the development of China's economy and trade, some problems do exist, such as poor quality of cross-border products and non-standard supervision of cross-border e-commerce platforms. This paper aims to analyse the development status and existing problems of cross-border e-commerce industry in China at the present stage, and put forward corresponding countermeasures.

**Keywords:** Cross-border e-commerce; import and export; Logistics System

## 1 Introduction

Cross-border e-commerce, as a new form of business, has boasted a rapid development under the influence of COVID-19 in 2021. The statistics from the China Customs show that the total import and export volume of China's cross-border e-commerce in 2021 reached 1.98 trillion yuan, presented a year-on-year increase of 15%.remarkable achievements have been made in development. The total export volume was 1.44 trillion yuan and it increased by 24.5%.Cross-border e-commerce is ushering in a new historical opportunity.In general, cross-border e-commerce, as a new form of business and new driving force for foreign trade growth, has strongly supported the robust growth of China's import and export trade.

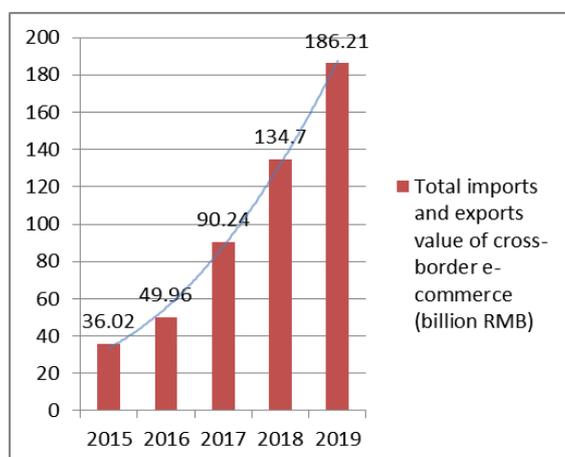
While the booming cross-border e-commerce industry promotes the development of China's economy and trade, some problems do exist, such as poor quality of cross-border products and non-standard supervision of cross-border e-commerce platforms, long time for logistics. The purpose of this research is to analyse the development status and existing problems of cross-border e-commerce industry in China at the present stage, and put forward corresponding countermeasures.

## 2 The Development Status of Cross-border E-commerce Industry in China

At present, the development of cross-border e-commerce industry in China displays the following characteristics.

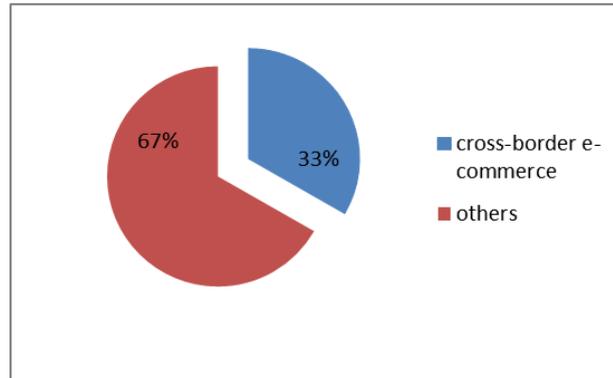
### 2.1 Cross-border E-commerce Industry Has Entered a Period of Steady Growth

In recent years, the total import and export volume of cross-border e-commerce in China has enjoyed a trend of yearly increase. The five years from 2015 to 2020 have witnessed an increase from 36.02 billion yuan to 1.69 trillion yuan in the import and export volume of cross-border e-commerce and also a more than 20% growth rate in the transaction size. With the transaction scale of cross-border e-commerce industry taking an increasingly large proportion in the import and export trade, the proportion of China's cross-border e-commerce industry in the national import and export trade has increased from 22% in 2015 to 33.29% in 2019. The whole cross-border e-commerce industry has entered the stage of steady growth, and cross-border e-commerce has become an important pillar of China's foreign trade.



**Fig. 1.** The Total imports and exports value of cross-border e-commerce from 2015 to 2019

From 2015 to 2019, the proportion of cross-border e-commerce in foreign trade imports and exports increase from 22% to 33.29%.

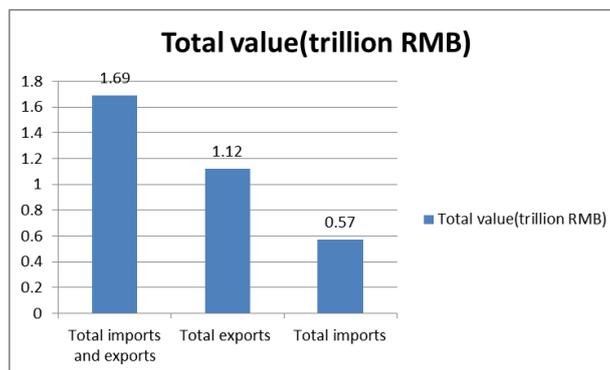


**Fig. 2.** the proportion of cross-border e-commerce in foreign trade imports and exports increase in 2019

### 2.2 Cross-border E-commerce Industry Has Been Dominated by Cross-border Export

From the perspective of import and export structure of cross-border e-commerce, the cross-border e-commerce in China is mainly export-oriented. In 2015, cross-border e-commerce exports accounted for 83.3% of the total import and export volume while imports for 16.7%. However, as the transaction mode changes every year, the proportion of exports is slowly declining while that of imports is rising. In 2019, the proportion of cross-border exports decreased to 76.5%, while the proportion of cross-border imports increased to 23.5%. In 2020, the total import and export volume of China's cross-border e-commerce reached 1.69 trillion Yuan, while in 2021 it increased to 1.98 trillion yuan, and the total export volume was 1.44 trillion yuan and it increased by 24.5%.

Under the current background of China's active expansion of imports, the proportion and growth rate of cross-border e-commerce imports are expected to rise further, making the scale structure of cross-border e-commerce imports and exports more reasonable and balanced



**Fig.3.** Total imports and exports value of cross-border e-commerce in 2020

### 2.3 Transaction Mode of Cross-border E-commerce Industry Has Been Dominated by B2B

At present, cross-border e-commerce transactions in China are still dominated by B2B. In 2019, B2B transactions of cross-border e-commerce in China accounted for 80.5%, and B2C transactions accounted for 19.5%. From the perspective of the structure of cross-border e-commerce transaction mode in China experienced a trend of yearly decline, from 2013 to 2019, the proportion of B2B in cross-border e-commerce decrease from 94.8% to 80.5%, while the proportion of B2C had risen from 5.2% to 19.5%. As B2B mode can reduce the work process and overhead expense, and reduce the cost of operating, B2B still stands as the main transaction mode of cross-border e-commerce.

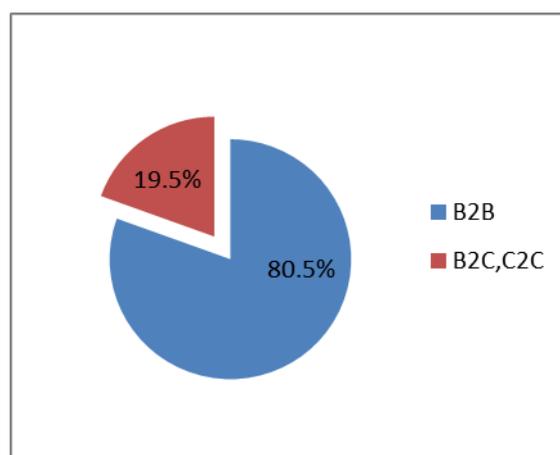


Fig.4. The proportion of B2B mode in cross-border e-commerce in 2020

#### **2.4 The Development of Cross-border E-commerce Industry Supported by Policies Has Enjoyed a Promising Prospect**

From the forming stage of cross-border e-commerce in 2013 to now, the Chinese government has set up 105 comprehensive pilot zones to promote the development of cross-border e-commerce. At the same time, it has also carried out tax refund scheme and duty-free policy for cross-border e-commerce exports, encouraged the development of enterprises, and implemented reduction policies of value-added tax and consumption tax for some commodities. In June 2020, the General Administration of Customs issued the Notice on the Implementation of Supervision Trial of Cross-border E-commerce Enterprise on Enterprise Export, adding the codes of "Direct Export of Cross-border E-commerce Enterprise to Enterprise-9710" and "Cross-border E-commerce Export Overseas Warehouse-9810", and carrying out pilot projects in 10 customs including Beijing and Tianjin. The continuous introduction of favourable policies has indicated China's consistent supportive attitude to cross-border e-commerce, and these policies will further promote the development of the cross-border e-commerce industry.

### **3 The Existing Problems in Cross-border E-commerce Industry in China**

### **3.1 Imperfect Logistics System**

With the development of cross-border e-commerce industry, logistics enterprises mainly focusing on cross-border transportation have emerged one after another. However, cross-border transportation still remains a time-consuming problem with high cost and risk for a large number of cross-border sellers. For now, most e-commerce enterprises in China, when conducting cross-border e-commerce transactions, prefer economical logistics strategies such as postal parcel, e-packet, and Special Line-YW, while only a small part of them choose UPS, EMS and other international express with high timeliness but high cost. Economical logistics means can reduce the logistics cost, but its delivery time is too long. Cross-border logistics, somewhat lagging, fail to catch up with the development pace of cross-border e-commerce industry [1]. To be specific, the imperfect system construction and infrastructure cannot meet the demands of the explosively growing cross-border e-commerce transaction, thus restricting the development of cross-border e-commerce to a certain extent.

### **3.2 Inefficient Customs Clearance**

In 2019, Supervision and taxation of customs clearance are inevitably involved in the process of cross-border e-commerce trades. As a large number of goods enter the country through express and mail channels, higher requirements have been set to the supervision and taxation of the customs. However, the current customs supervision model fails to solve the problem of return and exchange of goods acquired across the border. Some problems concerning cross-border trade have already existed in some e-commerce enterprises, especially the difficulties in fast customs clearance and standardized settlement of foreign exchange [2].

### **3.3 Difficulty in Returns and Exchanges for Cross-border Exports**

At present, the process of return and exchange for cross-border e-commerce exports in China is too long for foreign consumers to smoothly return and exchange the goods they are not satisfied with. The main reasons are as follows. Firstly, the cross-border logistics delivery takes a long time. If any good need to be returned or exchanged, consumers have to wait a longer time for delivery, for which return or exchange will be the last option; Secondly, the returned goods refer to the goods imported by the seller from abroad, which will be inspected or even required to pay taxes after passing the local customs, resulting in increased costs. As for the return and exchange of the goods with higher value, the seller usually refuses the consumer's request for his inability to judge whether the good has been replaced or dismantled or the losses may be caused by the damaged good under the influence of various factors in the process of delivery.

### **3.4 Large Talent Gap of Cross-border E-commerce**

With the rapid development of cross-border e-commerce market, the shortage of cross-border e-commerce talents in China has reached more than 16 million. Although a large number of graduates majoring in this field devote themselves to e-commerce every year, a gap still exists between the e-commerce professionals trained by universities and the needs of enterprises, unable to alleviate the shortage of cross-border e-commerce talents. Courses in most universities focus more on theoretical teaching and with one or two e-commerce operation exercises simply completed in the laboratory [3]. Under this circumstance, students are unable

to combine theory with practice, making it difficult for them to meet the needs of cross-border e-commerce enterprises.

### **3.5 Imperfect Laws and Regulations**

Cross-border e-commerce is an industry derived from the network. As an emerging trade mode, it is very different from the traditional one. In terms of payment and settlement, logistics delivery, product quality, customs inspection and other aspects, the existing legal system is not sound enough to protect the rights and interests of cross-border consumers. Some criminals take advantage of e-commerce platforms to conduct illegal acts including fraud, illegal transactions, false publicity, infringement of consumers' rights and interests, which unlawfully leaks the privacy of customers' payment information, failing to guarantee the security of cross-border trading activities.

## **4 Countermeasures and Suggestion**

### **4.1 To Improve the Efficiency of Customs Clearance**

The rapid development of cross-border e-commerce industry in China has put forward higher requirements for customs clearance efficiency. The online declaration system can be used to declare the goods that need to be inspected for passing the customs in advance with a series of declaration procedures completed[5]. Checking the cross-border exports through the paperless electronic port can not only improve the efficiency of customs clearance, but also reduce the cost of customs clearance procedures, increasing the customs clearance rate and further promoting the development of the cross-border e-commerce industry.

### **4.2 To Accelerate the Logistics Infrastructure Construction**

The government should guide cross-border e-commerce enterprises to construct overseas warehouses and border warehouses, and rationalize the construction of infrastructure such as distribution centres and communication networks. The government should also start from the overall plan, and make scientific plans for infrastructure such as railway hubs, airports and ports to improve delivery efficiency and shorten logistics time.

### **4.3 To Strengthen the Supervision on Cross-border E-commerce Enterprises**

Compared with Given that the transaction subjects of cross-border e-commerce are consumers from different countries with increasingly diversified types of transactions involved, many problems appear in the transaction process [4]. For example, some criminals take advantage of e-commerce platforms to conduct fraud and illegal transactions and other illegal activities. The government can coordinate with other departments to supervise cross-border e-commerce enterprises. For example, the commodity inspection department can cooperate with the customs department to form a management mode of mutual supervision and restriction, so that the quality of exported goods can be guaranteed. Besides, the legal rights of consumers in the cross-border e-commerce industry can be safeguarded, and the healthy and orderly development of the cross-border e-commerce industry can be ensured.

#### **4.4 Perfect Laws and Regulations**

The improvement of the legal system related to cross-border e-commerce is required with the rapid development of cross-border e-commerce in China. The government promulgated the "Electronic commerce Law" in 2018 to protect the rights and interests of consumers and merchants. But without further elaboration on the protection of the rights and interests of cross-border e-commerce, it provides no solution to the problems encountered in the transaction process of cross-border e-commerce. The improvement of laws and regulations proves to be a boon for consumers of cross-border e-commerce. Specifically, the improvement of issues concerning quality, payment security, return and exchange in the transaction process will enable consumers to seek legal assistance to protect their legal rights and interests.

#### **4.5 To Emphasize the Cultivation of Cross-border E-commerce Talents**

The cultivation of talents is of great importance to the development of enterprises. Factors including international settlement, import and export inspection, international trade, relevant customs clearance laws and foreign language level are the guarantee for the smooth progress of cross-border e-commerce transactions. It is necessary to carry out policies which can provide support for universities, encourage them to create relevant professional courses, and implement a combination of theory and practice for school-enterprise cooperation. With these efforts, talents in universities can apply what they have learned into practice to grow into compound talents, and the foreign trade efficiency of employees in cross-border e-commerce logistics enterprises can be improved.

### **5 Conclusion**

In the process of economic development, the form of foreign has also changed and adjusted. Under the irreversible international situation such as economic globalization, cross-border e-commerce has become the mainstream of e-commerce development in China. As a new way of trade, cross-border e-commerce can not only improve trade efficiency, but also promote economic transformation and upgrading. This paper analyses the current situation and existing problems of cross-border e-commerce development in China. Overall, the long-term and stable development of cross-border e-commerce of China cannot be divorced from cooperation and support by strong logistics and high efficiency of customs clearance. The countermeasures and suggestion raised in this paper can be some reference for the sustainable development of cross-border e-commerce.

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