ABSTRACT

With the gradual development of electronic information technology and economic globalization, cross-border e-commerce has become an important part of the international trade. Under the “the Belt and Road” strategic support by Chinese government and transformation and upgrading of foreign trade enterprises, cross-border e-commerce shows the tendency in the development of foreign trade in our country. This paper analyzes the status and existing problems of cross-border e-commerce, finally gives the corresponding development strategies.

KEYWORDS

Chinese Cross-border e-commerce, the Belt and Road strategy, tendency, development strategies.

INTRODUCTION

Under the background of transformation and upgrading of China's foreign trade enterprises and the Belt and Road strategic support, the cross-border e-commerce was vigorously promoted by China in recent years. China's cross-border e-commerce comprehensive pilot has expanded to 12 cities by Jan. 2016, respectively are: Tianjin, Shanghai, Chongqing, Hefei, Zhengzhou, Guangzhou, Chengdu, Dalian, Ningbo, Qingdao, Shenzhen and Suzhou[1]. Cross-border e-commerce is beneficial to speed up implementation of “the Belt and Road” policy, and promote open economy upgrading and development. Currently, the development of China's cross-border e-commerce is basically synchronized with the developed countries, and initially formed a new industry pattern.

This paper focuses on the great opportunities and challenges in the construction of "the Belt and Road" that current cross-border e-commerce faces, put forward development strategy to accelerate cross-border e-commerce based on analytic demonstration of development status, pattern features, as well as the existing problems of China’s cross-border e-commerce.
THE STATUS OF CHINESE CROSS-BORDER E-COMMERCE

Rapid business growth, scale expansion and quality improvement.

RAPID BUSINESS GROWTH OF CROSS-BORDER E-COMMERCE HAS GRADUALLY BECOME A NEW DRIVE FOR TRADE DEVELOPMENT.

From the size of overall transaction, monitor data shows that in 2014, the scale of cross-border e-commerce transactions has reached 4.2 trillion CNY in China, up 33.3% year-on-year, 2 trillion CNY in the first half of 2015, increased by 42% year-on-year, accounting for 17.3% of China total import and export value. Cross-border e-commerce transactions from 2010 to 2015 in China and the proportion of total volume of imports and exports are as shown in Table 1.

EXPORT SHARE STILL DOMINATES THE TRANSACTION, IMPORT SHARE RISES YEAR BY YEAR.

In views of import and export scales, the export ratio reached 85.4% for China’s cross-border e-commerce in 2014, imports accounted for 14.6%, 2010 ~ 2015 (expected) share of China import and export sales for cross-border e-commerce, as shown in Figure 1.

B2B SHARE KEEPS A DOMINANT POSITION, B2C SHARE RISES CONSTANTLY.

Shares of cross-border e-commerce sales from 2010 to 2015 are listed in Table 2.

![Figure 1. Share of China import and export sales for cross-border e-commerce 2010-2015.](image)

**TABLE 1. SCALE AND SHARE OF CROSS-BORDER E-COMMERCE 2010-2015**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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</thead>
<tbody>
<tr>
<td>Scale of cross-border e-commerce</td>
<td>1.1</td>
<td>1.7</td>
<td>2.1</td>
<td>3.15</td>
<td>4.2</td>
<td>5.5</td>
</tr>
<tr>
<td>Total volume of imports and exports</td>
<td>20.17</td>
<td>23.64</td>
<td>24.42</td>
<td>25.82</td>
<td>26.43</td>
<td>28.4</td>
</tr>
<tr>
<td>Share</td>
<td>5.5%</td>
<td>7.2%</td>
<td>8.6%</td>
<td>12.2%</td>
<td>15.9%</td>
<td>19.4%</td>
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<td>5.4</td>
</tr>
<tr>
<td>B2B Share</td>
<td>97.80%</td>
<td>97.20%</td>
<td>95.90%</td>
<td>94.60%</td>
<td>93.50%</td>
<td>91.30%</td>
</tr>
<tr>
<td>B2C Share</td>
<td>2.20%</td>
<td>2.80%</td>
<td>4.10%</td>
<td>5.40%</td>
<td>6.50%</td>
<td>8.70%</td>
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EMERGING MARKETS BECOME HIGHLIGHT OF CHINA’S CROSS-BORDER E-COMMERCE.

Sales of Brazil, Russia, India and other emerging market boost enormously, which have made a significant contribution to rapid development of domestic numerous cross-border e-commerce retail export platform. In the main share of cross-border e-commerce, the United States accounted for 17.2%, the EU accounted for 16.3%, followed by 15.8% of Hong Kong, the region of ASEAN, Japan, South Korea, India and Russia become the second group, respectively 10%, 7.4%, 4.3%, 2.3% and 2.2%, and the gap is narrowing compared with the first group [2].

China’s cross-border e-commerce pilot cities gradually expanding, and actively explored the development pattern.

China’s Cross-border e-commerce pilot zone is now including Shanghai, Tianjin and other 12 cities. In the new cross-border e-commerce pilot zone, the following practice are popularized: Firstly, establish information sharing system including enterprises, financial institutions and supervision department, one-stop online financial service system, intelligent logistics system with full supervision, orderly and open e-commerce credit system of classified supervision and public sharing, as well as statistical monitoring system and risk prevention and control system of the guarantee services for enterprises and government. Secondly, establish two platforms of online "Single window" and offline "comprehensive zone", an exchange of information, mutual recognition of supervision and assistance in law enforcement will be achieved among government departments, offer logistics, financial and other supporting facilities and services, and build a complete industry chain and ecosystem for the cross-border e-commerce.

CROSS-BORDER E-COMMERCE PROBLEMS AND BOTTLENECKS

Cross-border e-commerce is "via internet to achieve import and export 2B/2C information exchange as well as various variety of service and environment associated with such application"[2]. the participants include: class B and class C user (direct application party), also contain the possible trade regulators (G) and vendors of all kinds.

The existing main problems and bottlenecks characterized by the following four aspects: firstly, customs, inspection and quarantine, foreign exchange management, industrial and commercial departments have made the promotion policy to develop cross-border e-commerce, but lack of overall effective cross-border import and export goods declaration, tax, foreign exchange settlement and tax refund scheme. Secondly, the high cost of cross-border international logistics distribution, long-time and inaccurate delivery has great impact on e-commerce vendor. Thirdly, lack
of credit guarantee system between cross-border trading parties have increased the trading risk, and restrict the cross-border e-commerce development. The last one is data security and bottleneck of privacy protection.

ANALYSIS OF CHINA’S CROSS-BORDER E-COMMERCE PATTERN.

Applegate defined business pattern as: “A description form for easily study the structure, the connection between various element and how to reflect the real world.”[3] More specifically, Weill and Vitale regard the e-commerce pattern as a description of the role and the relationship among consumers, purchasers, alliance and suppliers in the activities of the e-commerce, to identify the product flow, information flow, cash flow and the main benefits to the participants.[4] Peter B. Seddon and Geoffrey P. Lewis point out that e-commerce pattern adopted by the enterprise is a microcosm of the entire organization strategy, which can reflect the realization of the value delivery between enterprise with customer in e-commerce activities.[5] from the perspective of the participants of the value chain, China import and export of e-commerce industry value chain include: the upstream manufacturers/brands, downstream buyers/consumers, import and export of e-commerce platform, self-built e-commerce sites, export e-commerce services.

Statistics from the ministry of commerce showed that the China's cross-border e-commerce platform enterprise have exceeded 5000, enterprise engaged in the cross-border e-commerce through all kinds of platform has more than 200,000. The main platform pattern is as follows:

Firstly, B2B platform, B2B is the longest, most established business pattern in e-commerce. It is a kind of business-to-business commodity trading platform. Export and import enterprise release information or search information to complete the transaction through cross-border e-commerce platform of a third party. Depending on the platform profit model, it can be classified into information service platform and transaction service platform.

Secondly, B2C platform, export enterprise and overseas end-consumer release information or search information to complete the transaction through cross-border e-commerce platform of a third party. It can be classified into open platform and self-supporting platform according to the platform profit model.

Import cross-border e-commerce platforms are showns as follows:

Firstly, M2C platform: responsible for the investment directly from the manufacturer to consumers, such as Tmall international. Secondly, B2C platform: bonded proprietary, direct sales, such as Jingdong, Jumei. Thirdly, C2C platform: consumer to consumer (C2C) trade pattern, such as Taobao Worldwide. Fourthly, B2B2C platform: overseas vendors (brand dealer or agent) deliver goods to the warehouse of bonded area of domestic pilot city (2b), then implement transactions through the import platform, and finally send to the consumers by mail from the bonded area(2 c).This pattern can be regarded as a kind of C2C mode.
TABLE 3. CONTRAST ON THE MAIN SERVICE PLATFORM PATTERN FOR EXPORT E-COMMERCE.

<table>
<thead>
<tr>
<th>Service Pattern</th>
<th>B2B</th>
<th>B2C</th>
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<tbody>
<tr>
<td>Platform class</td>
<td>Information Service Platform</td>
<td>Transaction Service Platform</td>
</tr>
<tr>
<td>Service Content</td>
<td>Release information or information search services to complete transaction through a third-party cross-border e-commerce platform.</td>
<td>A business operation mode based on server applications to realize online trading and e-payment between buyers and sellers.</td>
</tr>
<tr>
<td>Main Example</td>
<td>Alibaba international website, Global sources, Made-in-Chinacom</td>
<td>Dhdgdined, DinoDirect, Trade Tang, etc.</td>
</tr>
</tbody>
</table>

To sum up, profit source of each site come from advertising charge, search paid listing, premium member fees, commissions on transactions, payment guarantee, the third-party certification service, own platform or the profit margin of related software and e-commerce magazine sales, professional consultation and training fee, franchise fees, personalized customization services, logistics services and other value-added service fee, etc. From the perspective of service ability, higher service ability website means diversified profit model, therefore, we classified B2B into three categories according to three levels of the service ability in the order of profit source from simplicity to complexity. (1) Basic service profit pattern based on information consulting and business promotion service; (2) professional service profit pattern based on trade, logistics and good faith service; (3) Integrated services profit pattern with multi-service integration.

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STRATEGY TO ACCELERATE CROSS-BORDER E-COMMERCE

Take advantage of benefit of “the Belt and Road” to promote e-commerce in undeveloped areas on regional strategy.

Under the background of "the Belt and Road" strategy, a total of 18 provinces were finalized: Xinjiang, Shaanxi, Gansu, Ningxia, Qinghai, Inner Mongolia, Heilongjiang, Jilin, Liaoning, Guangxi, Yunnan, Tibet, Shanghai, Fujian, Guangdong, Zhejiang, Hainan, Chongqing.

From the perspective of nationwide, "e-commerce top 100 counties" spread over 17 provinces in China, which mainly distributed in the three provinces of Zhejiang, Fujian and Jiangsu, accounted for 71% in total. Among them, the number of "e-commerce 100 good performance counties" in Zhejiang province is the most, up to 41, 16 in Fujian, 14 in Jiangsu, 6 in Hebei, while the nominated county of other 13
provinces are not more than five. These regions should make full use of the strategy of "the Belt and Road" to speed up the development of e-commerce.

**On the hardware upgrading, strengthen the information infrastructure by "Internet +".**

The development trend of "Internet +" create a good environment for cross-border e-commerce, the region along should timely seize the opportunity and consolidate information basic infrastructure as soon as possible combine with current status. Drive by China’s “the Belt and Road” strategy, internet will transfer strategic investment to such aspects like credit environment maintaining, e-commerce basic services promotion, network information platform constructing, etc.

**On the software enhancement, speed up in-depth "one-stop" service system.**

B2B platform will promote traditional foreign trade to be online so as to inform an integrated business services: the transaction can be completed online from trade match to order, logistic, financing, tax refund settlement and transaction security, but it still faces great challenges at the circumstance of mature offline pattern. The integration of B2B platform and foreign trade comprehensive service maybe the key to optimize B2B business closed loop, by providing "one-stop" further services of customs clearance, settlement of exchange, tax rebates, logistics and finance, stimulating enterprise to keep successive act in the platform after reaching an order to a certain extent, complete business confirmation and data accumulation.

**On the system construction, further optimize cross-border e-commerce laws and regulations.**

Cross-border e-commerce is an emerging trade way, the United Nations international trade commission has adopted policies to standardized e-commerce according to its development. Although China has made some Law and regulations such as E-signature Directive, electronic certification service management, they did not protect customers and constrain vendors very well. Along with the advancement of the Belt and Road, China’s cross-border e-commerce market will be more widely, the standardization of cross-border e-commerce is around the corner, support of the law and regulations and policy optimization seem particularly urgent.

**REFERENCES**