

# Analysis on the Development Model of Cross-Border E-Commerce in the Belt and Road Economic Zone

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## ABSTRACT

In the context of modern international market trade, in order to further promote the implementation of "the Belt and Road Initiative", some scholars have proposed the concept of a cross-border e-commerce development model in the economic zone, using e-commerce as an international trade channel, making international trade more convenient, and breaking through regional restrictions in traditional international trade. Based on this, in order to understand the concept of the cross-border e-commerce development model in the economic zone, this article will carry out analysis work, mainly explaining the role, existing problems, coping strategies, and precautions of the cross-border e-commerce development model in the economic zone.

*Keywords: the Belt and Road Initiative, the development model of cross-border e-commerce in the economic zone, the international market*

## I. INTRODUCTION

E-commerce is a common form of transaction in China's domestic market, that is, it uses the Internet as the basis and banking services to achieve online transactions. This form has completely changed the pattern and restrictions of traditional physical transactions in China. Due to the influence of e-commerce form, whether e-commerce can be brought into "the Belt and Road Initiative" and the optimization of international trade form under "the Belt and Road Initiative" is a question worth thinking about. This problem has been decided under the condition of the popularization of modern network environment, e-commerce and the Belt and Road Initiative can be integrated, and the concept of cross-border e-commerce development mode in economic zone is obtained. However, this concept has not existed for a long time. Many international trade organizations do not know about it. Therefore, the research in this article aims to promote the cross-border e-commerce development models in economic zones, which has great practical significance.

## II. THE ROLE OF CROSS-BORDER E-COMMERCE DEVELOPMENT MODELS IN ECONOMIC ZONES

### A. Promoting the frequency of economic transactions in the region

The foundation of e-commerce is the network. When the network becomes a window for people to trade, it can provide more convenient services to both parties to the transaction, which is beneficial to the transaction experience of both parties. At the same time, the network can also display and collect goods information to users in a centralized and classified manner, reducing the tediousness of users viewing cargo information. Therefore, with the implementation of the cross-border e-commerce development models in the economic zone and e-commerce users in the Belt and Road region can enjoy the online trade services derived from China. This can promote the frequency of domestic economic transactions of the region under a good trading and browsing experience. According to relevant studies, the economies in the Belt and Road region of modern China are mostly emerging economies and developing economies. The population is more than 4.4 billion. Under this condition, with the similarity and complementarity of economic structures, the development model of cross-border e-commerce in economic zones will also affect other countries. Under the condition that the products and trading concepts of other countries are different from that of China, the e-commerce cooperation channels in the region can be

enriched, which can meet the individual needs of users in different countries, and also promote the frequency of economic transactions in the region.

### *B. Establishing new consumption concepts*

The existence of traditional markets in the markets of various countries for a long time has led many consumers to have more traditional consumption concepts, and this concept will hinder the development and implementation of the Belt and Road Initiative. Therefore, to avoid this phenomenon, it is necessary to establish new consumption concepts. However, under actual conditions, the Belt and Road Initiative involves many countries. Each country has different national conditions. The strategies applicable to the establishment of new consumer concepts in China are difficult to play their role in other countries, which will lead to the insufficient implementation of new consumer concepts in the Belt and Road Initiative. However, through the development mode of cross-border e-commerce in the economic zone, e-commerce can be introduced into the lives or work of foreign consumers and the convenience of services can be provided to consumers through the Internet. In this way, the consumer behavior of foreign consumers will gradually change. In the process, a new consumption concept will be formed. This consumption concept can make consumers develop towards "personalized demand" based on the previous concept of "price measurement", which is not only conducive to the implementation of the Belt and Road Initiative, but also can promote the economic development of various countries. In addition, the changes brought to consumers by the new consumption concept are reflected not only in the "measurement of price development towards personalized demand", but also in the development of the market, that is, changes in consumer concepts represent the gains in the cross-border market of the Belt and Road Initiative. With more profitable channels and methods, this will attract more investors to enter the market, and more market players and service windows will appear along with it, making the market more diversified.

### *C. Being conducive to the international development of China's currency*

The development of currency internationalization represents the rise of a country's position in the international market. Therefore, all countries in the world hope that their currencies can be rapidly internationalized. This is also true for China. To achieve currency internationalization is by no means a one-day effort and requires opportunities. And the Belt and Road Initiative has given China an opportunity for currency internationalization. At the same time, the promotion of the cross-border e-commerce development model in the economic zone has also

provided a guarantee for the international development of China's currency. According to related research, the internationalization of China's currency in cross-border settlement business is in a good trend, accounting for 98% of the total. In 2015, it became the valuation currency of the Special Drawing Rights of the International Monetary Fund, which represents successful "entry into the basket" of currency, and is a symbolic manifestation of international development.

## **III. EXISTING PROBLEMS IN THE DEVELOPMENT MODEL OF CROSS-BORDER E-COMMERCE IN ECONOMIC ZONES**

At present, there are three major problems in the development model of cross-border e-commerce in the economic zone: relatively small number of network cooperation platforms, large regional differences in the development of domestic e-commerce economy, and the imbalance between logistics and e-commerce. The following will analyze the specific performance of the three major issues.

### *A. Fewer online cooperation platforms*

The network platform is the basis for the establishment of the e-commerce model. Correspondingly, in the cross-border e-commerce development model of the economic zone, it is necessary to cooperate with the network platforms of countries to achieve cross-border trade. Under this condition, according to relevant research, it knows that there are few modern online platforms capable of supporting the development model of cross-border e-commerce in the economic zone ("Table I" shows Top 6 countries in cross-border import and export e-commerce network cooperation platforms). In addition to these countries, most other countries use foreign capital to enter cross-border trade, which can't directly realize cross-border e-commerce services. This performance confirms the existence of the above problems, which limits the development of cross-border e-commerce mode in the economic zone.

TABLE I. TOP 6 COUNTRIES IN CROSS-BORDER IMPORT AND EXPORT E-COMMERCE NETWORK COOPERATION PLATFORMS

<b>Business name</b>	<b>Names of the countries</b>	<b>Business name</b>	<b>Names of the countries</b>
Import	The United States	Export	China
	England		The United States
	Germany		England
	Scandinavia		Germany
	Netherlands		Brazil
	France		Australia

### *B. Regional differences in economic development of Chinese e-commerce are large*

On the whole, the cross-border e-commerce development model of the Belt and Road economic zone has indeed brought great benefits to China's economic development. According to the data statistics of "2017 China e-commerce Semi-Annual Bulletin", China's domestic e-commerce retail profit has exceeded 3 trillion yuan in half a year, indicating that the domestic e-commerce economic development situation is good. Most of the profits come from the eastern part of China, while the economic development of e-commerce in other regions is weak. Among them, the central and western regions are the most representative, which confirms that regional differences in the development of domestic e-commerce economics are large. The main cause of the above problems lies in local policies, that is, the eastern region is rich in capital and has a large population (The three provinces of north, Shanghai and Guangzhou are all located in the eastern region, and they have the above resources). These regions have always been relatively open in terms of policies, providing strong support for the operation of private capital. However, due to the relatively weak resources in the central and western regions, policies cannot be the same as those in the east, thus causing the problem of large regional differences. This problem originates in China. The business entities involve import and export, causing a large number of foreign users to enter the eastern market. Correspondingly, the development of e-commerce in the Midwest will be difficult. It will give cross-border e-commerce development in the Midwest Economic Zone. The implementation of the model caused adverse effects.

### *C. Imbalance between logistics and e-commerce*

Logistics is a component of e-commerce, which is closely related to e-commerce activities. Therefore, logistics must be supported in the development model of cross-border e-commerce in economic zones. However, cross-border trade is different from Chinese domestic transactions. It faces problems such as long distances for cargo transportation, climate differences between countries, import and export taxation and policies, transportation equipment and technology, etc. These problems have not been completely resolved in modern e-commerce logistics technology. Many commodities cannot be completely delivered to other countries. For example, in the cross-border import trade of agricultural products, the shelf life of agricultural products is short. Long distance and different climates may cause agricultural products to rot. This phenomenon represents a mismatch between logistics technology and the development model of cross-border e-commerce in the economic zone, confirming the imbalance between logistics and e-commerce.

## **IV. STRATEGIES FOR DEALING WITH ON-SITE PROBLEMS IN CROSS-BORDER E-COMMERCE DEVELOPMENT MODELS IN ECONOMIC ZONES**

### *A. Group development*

The reason for the small number of network cooperation platforms lies in the limitation of capital, and it is obviously unrealistic to directly break through the limitation of capital. Therefore, to solve this problem, it is required to centralize capital and eliminate the estrangement of different capitals, thus resulting in the development strategy of collectivization. The group development strategy is to integrate domestic and foreign capital to form a cross-border e-commerce organization in economic zone, which organizes domestic and foreign capitals to correspond to each other and has import and export attributes. Under this condition, all capital will be fully invested in the operation of the cross-border e-commerce development model in the economic zone, and all capital owners are directly responsible for the operation of the model. At the same time, goods have a one-to-one trade route, which is conducive to the deepening of the Belt and Road Initiative. In addition, the group development strategy can also open the capital injection window. Regardless of the size of the capital, it can enter the development of cross-border e-commerce in the economic zone, which is conducive to the capital increase of this model.

### *B. Financial orientation and policy optimization strategies*

Aiming at the problem of regional development difference of e-commerce economy in China, this problem needs to be dealt with through comprehensive strategy because of the limitation of policies and resources. Under this condition, this paper puts forward financial orientation and policy optimization strategy. First of all, in terms of financial-oriented strategies, the fundamental reason for the differences in local e-commerce policies between eastern and central and western China is the difference in resources. It is possible to open up richer financial services in response to the status quo in the central and western regions. E-commerce capital is converted into resources by the transformation of the operator. Second, after the resource limit is breached, it represents the ability of the e-commerce policy in the Midwest to move closer to the east. Therefore, the local governments in the Midwest should begin to optimize their policies and vigorously support the e-commerce development in the region. In addition, in the financial-oriented strategy, it is necessary to pay attention to the issue of capital security. In this regard, it is required to focus on assessing the financial risks in e-commerce and establish corresponding risk prevention strategies. If a

financial service does not meet this requirement, it will not be implemented.

### C. Establishment of logistics nodes

Aiming at the imbalance between logistics and e-commerce, the level of logistics technology cannot be greatly improved in the short term. It can only explore solutions from other perspectives. Under this condition, this article proposes a strategy for establishing logistics nodes. This article takes the agricultural cross-border trade business as an example for analysis. First of all, it can set up several logistics nodes on the cross-border route, which are mainly used to store agricultural products. At the same time, the setting of the nodes needs to comply with the nearest principle, that is, the longest distance that can be transported during the shelf life of agricultural products. Based on this, nodes are set up in this area, which makes the transportation of agricultural products as long as the initial point goods are transported to the nodes, meaning that the transportation distance is shortened and the probability of agricultural product decay is reduced. Secondly, after the nodes are established, each node will have the attribute of "shipping point". When consumers purchase goods through the network cooperation platform, they will be shipped from the nearest node, thus forming a node-to-consumer transportation route. Similarly, the distance of agricultural product logistics transportation is shortened, and the perishable problem of agricultural products under the imbalance of logistics and e-commerce can be correspondingly addressed.

## V. PRECAUTIONS

It's argued in this paper that the further integration of Belt and Road Initiative with the cross-border e-commerce development model in the economic zone requires attention to product quality. Therefore, in the operation of the cross-border e-commerce development model in the economic zone, attention should be paid to the quality inspection of imported and exported products to avoid the above actions. Regarding product quality inspection work, two important points should be noted, namely product quality standards and inspection methods. In terms of product quality standards, it is required to set different quality standards for different product needs, and then set standards according to the quality requirements of consumers in other countries. If the manufacturer's product does not meet the standard, the manufacturer's product cannot be sold as a product in the cross-border e-commerce development model of the economic zone. In terms of inspection methods, because of the large number of goods imported and exported, it is not realistic to conduct quality inspections on each product. Therefore, it is recommended to use batch sampling inspection mode for quality inspection. At the same time, two quality inspection gates should be set, that is, the quality

inspection gate after product production and the quality inspection gate before entering the cross-border trade market.

## VI. CONCLUSION

To sum up, the development mode of cross border e-commerce in the economic zone promotes the development of the Belt and Road Initiative. Its role and the importance implementing the model are described in this paper. However, many problems have been encountered in the implementation of development mode of cross-border e-commerce in the economic zone, which severely crippled economic development along the Belt and Road. Finally, relevant countermeasures to solve the problem effectively under the existing conditions are put forward in this paper.

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