

Research on the Development of the SCO Cross-Border E-Commerce Industrial Park—Using Qingdao as an Example

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Abstract: Currently, global cross-border e-commerce is expanding rapidly. Cross-border e-commerce has become a new source of kinetic energy for promoting the economic development of multiple nations and a new model for fostering international trade cooperation. The SCO attaches great importance to strengthening cooperation among its member states in e-commerce. The China SCO demonstration zone has broken new ground in cross-border e-commerce by utilizing Qingdao's e-commerce to create a new model for economic and trade interaction with SCO countries. This article takes the development of Qingdao SCO Cross-border E-commerce Industrial Park as the main object of discussion. Relying on its fruitful project results and economic benefits, it uses SWOT to analyze its development status. It proposes countermeasures in the opportunity of globalization trends and the successful development of cross-border e-commerce.

Keywords: Qingdao, Cross-border e-commerce industrial park, SCO

1. Introduction

1.1. Research Background

The digital economy has entered a new stage of rapid expansion, with its full potential for application and penetration into other economic sectors, substantially impacting the pace and development path of the global economy. As a crucial means of conducting cross-border trade, cross-border e-commerce also introduces new development potential.

The Shanghai Cooperation Organization (SCO), founded in 2001, intends to foster the development of Central Asia, and its official website lists eight member states at present. The SCO has established economic and trade cooperation demonstration zones in several locations, fostering regional economic cooperation. In 2018, China built the first SCO demonstration zone in Qingdao, bringing new prospects for developing cross-border e-commerce in Qingdao and providing new ideas for developing cross-border e-commerce in other SCO member states.

In creating the SCO demonstration zone, China has implemented several support measures. One is developing a cross-border e-commerce industrial park that may maximize the agglomeration and scale effects. The industrial park's fundamental competitive advantage comes in lowering operating and transaction costs and creating a value depression, fostering the regional growth of cross-border e-commerce. Currently, the building and management of many industrial parks are plagued by numerous difficulties. In the future, it will only be able to capitalize on its strengths and compensate for its deficiencies by consistently gaining a greater understanding of its advantages and disadvantages. Considering the future development planning of the demonstration area and other issues, conducting in-depth discussions with Qingdao SCO Cross-border E-commerce Industrial Park is necessary as the research starting point.

1.2. Literature Review

In the field of the digital economy, cross-border e-commerce is the earliest and most effective area of cooperation among SCO member states. Nevertheless, the SCO still needs to form a unified regional cross-border e-commerce trading platform and logistics network, which is the direction of cooperation that needs further expansion^[1]. From a customs standpoint, the efficacy of cross-border e-commerce

innovation in the SCO demonstration zone has yet to be evident. It can be promoted by developing a list of defining characteristics and enhancing policy orientation ^[2].

The establishment of the cross-border e-commerce industrial park aids in the reduction of enterprise costs, enhancement of operational efficiency, promotion of the improvement of the local industrial chain, and recruitment and training relevant talent. Currently, most cross-border e-commerce industrial parks must address enterprise entry, employee training, and industrial clusters ^[3]. In addition, many regional industrial parks only focus on attracting investment while ignoring operation and management or rely excessively on policy support while ignoring the issue of innovation ^[4]. Critical to the success of the cross-border e-commerce industrial park project is the construction of an ecological ring surrounding the industrial park and the full exploitation of distinctive local industries ^[5].

In recent years, the discussion on the development of cross-border e-commerce and the SCO has garnered much attention from researchers at home and abroad. However, there are few academic study results on their combination. In the study of cross-border e-commerce industrial parks, several researchers have also focused on the common issues associated with industrial park development.

1.3. Innovation Points

This research focuses on the SCO demonstration zone in China to compensate for the current literature's lack. It provides a reference and theoretical foundation for the future development strategy of the cross-border electronic commerce industrial park in the SCO demonstration zone by analyzing the development status of the Qingdao SCO Cross-border E-commerce Industrial Park from four perspectives: strengths, weaknesses, opportunities, and challenges.

2. Introduction of Qingdao SCO Cross-border E-commerce Industrial Park

Qingdao SCO Cross-border E-Commerce Industrial Park is the first modern international business center built in Ligezhuang town based on the SCO demonstration zone. The industrial park integrates, standardizes, and promotes the three traditional industries of wigs, hats, and fashion accessories in Ligezhuang Town, providing a multi-functional comprehensive service platform for enterprises.

Qingdao SCO Cross-border E-commerce industrial park has served 320 local enterprises, gathered 170 trade subjects, signed 20 first-tier service providers at home and abroad, become an off-campus training base for cross-border e-commerce talents from three universities, and attracted a total foreign trade volume of 480 million USD since its operational launch in August 2020. It is a robust platform for promoting the growth of the cross-border e-commerce industry in the SCO New Area and an efficient vehicle for resource collection. It plays a crucial part in fostering the transformation and upgrading of traditional industries and the rapid growth of international e-commerce.

Qingdao SCO Cross-border E-commerce Industrial Park ranked first in the assessment of critical development of cross-border e-commerce subjects in Shandong Province in 2022. It is the first time the SCO demonstration region has been reviewed as a cross-border e-commerce subject at the province level.

3. SWOT Analysis

3.1. Advantages

3.1.1. Quality policy support

Currently, Qingdao has established a special fund for cross-border e-commerce to facilitate the building of cross-border e-commerce systems and the growth and development of cross-border e-commerce businesses. In addition, it promotes the growth of e-commerce financial services and facilitates the establishment of supply chain financial institutions for cross-border e-commerce. With the assistance of the government, the park can assist businesses with declaring their exports by express mail for free. Multiple initiatives are implemented to support the growth of cross-border e-commerce in Qingdao.

3.1.2. Excellent geographical location and low transportation cost

Connected to Japan and South Korea in the east, SCO countries in the west, ASEAN in the south,

and Mongolia and Russia in the north, the SCO Model Area enjoys obvious locational benefits. Jiaozhou, as an essential traffic artery connecting home and abroad, has a three-dimensional transportation system, and a four-in-one logistics system of "land, sea, air and rail" has taken shape.

3.1.3. Complete industrial chain

Currently, the park has built the first international express supervision center in China; the first Class B bonded logistics center in Shandong Province and the e-commerce center in Japan and South Korea. The park offers comprehensive services to businesses, including warehousing, logistics, import and export customs clearing, cross-border new retail, live delivery, and e-commerce incubation. An entire industrial chain can foster industrial growth and maximize the benefits of agglomeration.

3.1.4. Perfect park services

The industrial park features numerous sections, including an exhibition hall, a culture wall, a product display area, a leisure negotiation space, a live broadcasting room, and competent and flawless cross-border e-commerce support services. Simultaneously, multi-industrial park linking enables sharing of additional resources, enhancing the park's resource docking.

3.1.5. New business model

"Direct purchase and import" is the most outstanding feature of the Qingdao SCO Cross-border E-commerce park. It can be just as convenient for home consumers to shop online as it is to shop in China. The buying cycles for Haitao and Daigou are lengthy, and the average arrival time is weeks or months. In contrast, "direct purchase and import" eliminates the laborious transshipment and distribution procedures, and the delivery time is identical to domestic shopping. In addition, the direct purchase technique eliminates the costs of wholesale, retail, and agency, which can significantly cut the cost of procurement and is favored by consumers.

3.2. Disadvantages

3.2.1. The transformation of traditional industries has encountered bottlenecks, and the innovation ability of traditional brands is insufficient

Qingdao has numerous traditional trade and manufacturing firms as a traditional foreign commerce city, but its overall value-added link is generally low. During the transformation, the park's three conventional favorable industries have grown slowly, and the growth bottleneck of traditional foundry businesses must yet be overcome. There are numerous products in the park, but established brands lack creativity and do not fully leverage their brand advantages.

3.2.2. Starting late, the park's investment attraction quality needs to be improved

Qingdao SCO Cross-border E-commerce Industrial Park started late. Compared with domestic cities such as Hangzhou and Shenzhen, there still needs to be a particular gap in development. In terms of investment promotion, there are few SCO elements in the projects, lacking industrial chain projects, high-tech projects, and large projects that meet the functional orientation of the park, and the quality of investment promotion needs to be improved.

3.2.3. Lack of cross-border e-commerce talents

Cross-border e-commerce talent is a vital link. Several links in the park, including cross-border logistics, the customs clearance procedure, and the rules and regulations of various nations, require highly qualified individuals. However, due to the park's infancy, there is a general dearth of cross-border talent.

3.2.4. Cross-border e-commerce logistics support is not sound enough

First, the logistics distribution system is not perfect. There is a big gap between the overall strength of Qingdao international logistics companies and the coverage and express efficiency of international logistics enterprises. The second is the higher logistics cost. The low market concentration of cross-border logistics distribution resources, the lack of warehousing facilities, and the high operating cost of overseas warehouses restrict the development space of cross-border e-commerce to some extent.

3.3. Opportunities

3.3.1. The development of SCO opens a new stage

In recent years, the economies of SCO member nations have grown significantly, and trade and investment have become increasingly active, which has become a significant engine for the development of the global economy. The SCO has promoted economic and trade relations among its members, created favorable political and economic conditions for the future establishment of cross-border e-commerce industrial parks in more regions, and significantly promoted the germination of cross-border e-commerce industrial parks in various nations.

3.3.2. International cross-border electronic commerce is booming

In the post-pandemic era, numerous conventional foreign trade companies actively developed e-commerce websites on the Internet, explored the international market via the Internet, and flourished. Qingdao Industrial Park's environment for e-commerce development is gradually improving, and the city is committed to accelerating its integration into worldwide e-commerce.

3.4. Threats

3.4.1. Competition in the domestic market is fierce

China's cross-border e-commerce is developing rapidly, and the market competition is becoming increasingly fierce. Cross-border e-commerce has the advantages of low threshold, low cost, and short cycle, which is conducive to the foreign trade export of enterprises and promotes the transformation and upgrading of foreign trade. Like Qingdao, Dalian, Yantai, and other regions with geographical advantages have successfully introduced policies to encourage the development of cross-border e-commerce, which poses a severe challenge for Qingdao to use its advantages fully.

3.4.2. Insufficient cooperation and interaction with Member States

The degree of development of industrial parks in SCO countries varies considerably. Many member countries still need to set up cross-border e-commerce industrial parks, and many countries have low economic and industrial development levels. There is no apparent advantage in technology. The current cooperation model is limited to bilateral and has yet to form a unified cross-border e-commerce platform and marketplace covering the entire region. In a sense, this will restrict the development of the Qingdao SCO cross-border e-commerce park.

4. Suggestions and enlightenment

4.1. Countermeasures for the development of the Qingdao SCO Cross-border E-commerce Industrial Park

4.1.1. Promote the transformation and upgrading of traditional advantageous industries

Utilize the three pillar industries of Ligezhuang to encourage the transformation of more traditional production businesses into cross-border e-commerce. Through Qingdao's characteristic industries, the agglomeration effect of a "cross-border e-commerce+characteristic industrial park" would be utilized to establish a new cross-border e-commerce industrial cluster and achieve the transformation and upgrading of international trade. At the same time, the park depends on the SCO demonstration zone to accelerate the establishment of a contemporary business hub, focusing on overseas markets and establishing a new offline integration and worldwide coordinated development pattern.

4.1.2. Cultivate and promote independent brands.

Assist Qingdao's established brands in nurturing new and emerging businesses and shaping the city's brand advantages. Utilize private and public network traffic platforms to foster cooperation between industrial park businesses and MCN organizations. Give full play to the present foreign trade export model of "cross-border e-commerce + live broadcast with goods" and develop diverse sales channels to promote brands and increase brand recognition.

4.1.3. High quality investment attraction

Vigorously develop precision investment promotion. Focus on tapping iconic industries and platforms that are characteristic of Shanghai cooperation. Under the guidance of the SCO countries'

governments, the industrial park should continuously strengthen its external promotion and investment and make forward-looking plans for future development.

4.1.4. Build a cross-border e-commerce talent cultivation system

Construct a model for talent development in cross-border e-commerce parks using innovative and entrepreneurial bases and other high-quality platforms. In the future, the industrial park can cooperate with significant universities, hold regular talent recruitment activities, and conduct enterprise training in conjunction with commercial training institutions. By carrying out cross-border e-commerce talent exchange activities, the industrial park can gradually build a cross-border e-commerce ecological service chain. Eventually, a virtuous circle will emerge in which talent promotes industrial development and industry drives talent development.

4.1.5. Improve the cross-border e-commerce logistics system

The logistics of international e-commerce differ from conventional logistics in the service sector. By combining various logistics modes, cross-border e-commerce logistics can flexibly operate offline physical logistics systems. The cross-border e-commerce logistics system should be as diversified as possible, considering various factors, such as the cost, delivery efficiency, and service quality of various logistics modes, so that businesses can select the most cost-effective mode.

4.2. Enlightenment of cross-border e-commerce in SCO member states

4.2.1. Strengthen exchanges and cooperation among SCO member states

Consistently broaden the scope of cooperation and enrich its connotation. Learn from cross-border e-commerce experience through regular exchanges and enhance collaboration channels to increase exports in both directions. Member States make extensive use of cross-border e-commerce platforms to foster collaboration in a variety of industries. At the same time, use a cross-border e-commerce platform to open up new market sales channels and expand the scale of regional trade.

4.2.2. Accelerate the creation of a cross-border e-commerce industrial park in each member nation

Member states should maximize their comparative advantages in order to foster the growth of cross-border e-commerce and the formation of industrial parks. Through the linkage of industrial parks among member countries to strengthen cooperation in park management, information sharing, industrial docking, and personnel exchange, to gather "SCO power."

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