

# The Impact and Promoting Effect of Cross-Border E-Commerce on the Traditional Foreign Trade Industry

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**Abstract:** With the emergence and popularization of Internet technology, cross-border e-commerce has swept the world and has a profound impact on international trade. More and more traditional foreign trade enterprises have joined the development wave of cross-border e-commerce. The emergence of cross-border e-commerce has a certain impact on the development of traditional foreign trade, but its role in promoting the development of traditional foreign trade is not to be underestimated. The use of cross-border e-commerce platform, on the one hand, the traditional small and medium-sized foreign trade enterprises can bypass many trade barriers to gain market opportunities through cross-border electronic business platform, to compete with large enterprises Fair; on the other hand, through the cross-border e-commerce platform, the traditional small and medium sized foreign trade enterprises to reduce the transaction procedures, reduce transaction costs. Through the Internet platform, we integrate efficiently the information flow, logistics and capital flow of the supply chain, and promote the supply chain's value increment. We take advantage of the low cost of network marketing, increase the exposure of products, and promote the brand value. It is not difficult to foresee that cross-border e-commerce will be the biggest engine for China's foreign trade to grow at a high speed in the future. In this context, if the traditional foreign trade industry wants to achieve rapid development, we should use cross-border e-commerce to enter the international market, optimize the industrial structure, and enhance the competitiveness of China's foreign trade enterprises in the international market.

**Keywords:** Cross-border e-commerce; traditional foreign trade; impact and promotion; transformation and upgrading

## 1. INTRODUCTION

In the post crisis era, the world economy continued to be weak, and China's economy began to step into a new normal growth stage. China's import and export trade has been declining since 2010. According to customs statistics, by 2015, China's total import and export volume has decreased by 7%, of which

exports have declined by 1.8% and imports have declined by 13.2% [1]. In 2016, the import and export value of China's goods trade was 24 trillion and 330 billion yuan, down by 0.9% than in 2015. The import and export of foreign invested enterprises and state-owned enterprises fell by 2.2% and 5.6% respectively, and the import and export of processing trade was down by 4.9%. The decline is mainly aimed at the global commodity, the demand is obviously insufficient, and the demand direction is increasingly turning to small and fragmentary commodities. Meanwhile, with the further development of the Internet, the emergence of cross-border e-commerce providers has met the more short and fragmented international demand market and promoted the development of international trade. There is huge room for development of small cross border e-commerce. More and more traditional small and medium-sized foreign trade enterprises have seen the development prospects of cross-border e-commerce providers. They have joined the cross-border e-commerce platform, and sell Chinese products to the world.

The traditional way of international trade through inquiry, quotation, order, production, transportation, charter booking, customs inspection, foreign exchange verification and other links, and between manufacturers, wholesalers, retailers and other middlemen manufacturers at the final product price, leading to soaring prices, is not conducive to the development of export trade. Cross border e-commerce providers have changed the traditional way of trade, bypassing many links in traditional foreign trade, facing the terminal consumers directly, showing a good development trend with their own advantages. In 2016, China's cross-border e-commerce transactions were 6 trillion and 700 billion yuan, up 24% from the same period. Among them, the cross-border e-commerce transaction scale is 5 trillion and 500 billion yuan, and the cross-border e-commerce transaction scale is 1 trillion and 200 billion yuan [2]. The scale of cross-border e-commerce transactions in the first half of 2017 was 3 trillion and 600 billion yuan, up 30.7% from the same year, and it is expected to exceed 8 trillion yuan in the whole year,

and the growth momentum still continues to be strong. Especially in 2016, under the encouragement of cross-border e-commerce policy, the development trend of "electricity penetration enhancement + traditional foreign trade transformation acceleration" has been formed. More and more foreign trade businesses are turning to new cross-border e-commerce channels. Strong demand for export of cross-border electricity market, occupy over 8 as the proportion of exports of electricity providers can improve and enhance the efficiency of the supply chain, to promote the domestic small and medium-sized foreign manufacturing enterprises quickly enter the international market, participate in international competition, improve product quality, accelerate the process of brand internationalization of enterprises. The import business can guide the reflux of foreign consumption, enrich the domestic consumer goods market, and promote the supply side reform of domestic enterprises.

## 2. THE CURRENT SITUATION OF CROSS-BORDER E-COMMERCE AND TRADITIONAL FOREIGN TRADE INDUSTRY

In recent years, the conditions of international trade have been deteriorating. Facing the weak international demand market, China's export trade has developed to a bottleneck. The emergence of cross-border e-commerce has overcome the shortcomings of traditional trade mode, and has developed rapidly in recent years, and has become a new growth point for China's economy and trade. Especially with the 2015 "Internet plus" era, the development of cross-border electricity supplier a tiger with wings added. In 2015, the scale of cross-border e-commerce transactions in China was 5 trillion and 400 billion yuan, up 28.6% from the same period. Among them, the scale of cross-border export transactions is 4 trillion and 490 billion, and the scale of cross-border import transactions is 907 billion 200 million. From the data point of view, the proportion of cross-border e-commerce exports is greater than the proportion of imports, export e-commerce accounts for 83.2%, and import e-commerce accounts for 16.8%. Cross-border e-commerce is expected to become a new channel for the crisis of the growth rate. The rapid development of cross-border e-commerce has also aroused widespread concern in the society. Governments at all levels have also issued corresponding policies to promote the development of cross-border e-commerce. In the context of the development of cross-border e-commerce, provinces and cities have made full preliminary exploration and preparation for the development of cross-border e-commerce. In Henan city of Zhengzhou Province as an example, according to statistics Henan tax logistics park, 2017, cross-border electricity supplier turnover exceeded 10 billion yuan, total package amount 74 million 659 thousand and 400, an increase of 62.24%, imports

from 63 countries, exports to 185 countries, serving the world's 35 million 570 thousand terminal consumers, park customs registration enterprises has reached 1112, industrial agglomeration the effect has been initially apparent. With remarkable achievements in cross-border exports, a cooperative agreement with the world's third largest ecommerce platform WISH can be achieved in 2018, and the scale of export business can be achieved in 2018.

At present, the world economy is being deepened, and the economic recovery is slow. Many countries have tightened fiscal policy, which has led to the decline of consumption index, resulting in a weaker demand in the international market and a decline in demand for bulk commodities. Market factors such as domestic labor cost growth, raw material price increase and RMB appreciation continue to haunt the development of China's export trade and restrict the overseas market development of Chinese enterprises. The emergence of emerging markets, world industrial transfer, and geopolitical turbulence and other uncertain factors threaten the development of China's traditional foreign trade.

China is now the largest trading partner in the United States. The export to the United States in 2016 was 2 trillion and 540 billion yuan, and it was flat in 2015, accounting for 18.4% of China's export share. The new trade policy of the US put forward: quit TPP, enhance trade barriers, and make enterprises return to the us through tax policy. These policies have brought more uncertainty to Sino US trade. In addition, the trade frictions intensified. According to the survey, the number of China's trade remedy cases reached a record high in the first half of 2016. The total number is 65, and the amount involved is 8 billion 500 million USD. In the first half of 2017, a total of 15 countries and regions investigated the trade remedy cases of China's export products. The amount involved was 5 billion 300 million US dollars, which is still at a high level since the global financial crisis. China is still the largest target country of trade remedy survey, according to the recently released twenty group trade and investment report of WTO and OECD and joint China World Trade Center conference.

## 3. THE IMPACT OF CROSS-BORDER E-COMMERCE ON THE TRADITIONAL FOREIGN TRADE INDUSTRY

Under the new economic situation, the world economy is struggling to recover, and our traditional foreign trade advantage is also weakening. According to customs statistics, the import and export value of China's goods was 24 trillion and 330 billion yuan in 2016, down by 0.9% compared with 2015. Among them, exports were 13 trillion and 840 billion yuan, down by 2%, and imports of 10 trillion and 490 billion yuan, an increase of 0.6%. In the case of the stagnation of traditional foreign trade, cross-border e-commerce stands out and has become a new growth

point for foreign trade.

The traditional mode of foreign trade involves a series of tedious processes. All processes need different foreign trade companies to complete by division and cooperation. They are not only cumbersome, inefficient, but also increase the business cost of enterprises. Cross border e-commerce can take advantage of cross-border e-commerce platform, customs clearance, logistics, foreign exchange, financing and other processes through the network platform, one-stop service, which greatly saves time and social resources. Cross border e-commerce connects producers and foreign consumers through the Internet platform. B2B, B2B2C and B2C mode shortens the trade chain of "traditional exporters, foreign importers, foreign wholesalers, foreign retailers and foreign consumers" in the traditional way of foreign trade. This has greatly reduced the status of traditional trade intermediaries, and many trade intermediaries are going to die out. The new trade mode has changed the structure of trade subjects.

#### 4. THE EFFECT OF CROSS-BORDER E-COMMERCE ON THE TRADITIONAL FOREIGN TRADE INDUSTRY

In the case of weak economic growth, countries in order to protect the domestic economy and trade, trade protection, trade barriers, technical barriers to the core of the green barriers and labor protection barriers continue to increase, more and more with the dual and hidden characteristics, seriously affect China's foreign trade. The cross-border e-commerce platform based on the Internet and international logistics support, breaking the traditional foreign trade restrictions, so that producers can be directly linked to the demand, breaking the traditional trade barriers, so that the terminal consumers from the national policy guidance and restraint, to eliminate the market information asymmetry, small and medium sized foreign trade enterprises to get more and more trade opportunities.

In the process of changing market position, "customer" has become the mainstream of the times. The customer is the important resource of the enterprise development, and it is the foundation for the enterprise to exist. Cross-border e-commerce relies on the Internet and the electronic information technology platform. Not only has the efficient technical advantage, but also has the strong logistics service and the information feedback ability. It is easy to grasp the customer's personalized requirements in time and provide the targeted service

function. When there is a customer complaint proposal, it can also be handled in time to resolve the crisis.

#### 6. THE TRANSFORMATION AND UPGRADING STRATEGY OF THE TRADITIONAL FOREIGN TRADE INDUSTRY UNDER THE BACKGROUND OF CROSS-BORDER E-COMMERCE

First of all, in order to encourage the transformation of traditional small and medium-sized foreign trade enterprises, we should provide policy support to the relevant aspects and create a favorable environment for transformation. In this regard, the government can be targeted to provide preferential policies for the transformation of enterprises, increase the enthusiasm of traditional small and medium sized foreign trade enterprises in cross-border electricity supplier. Including the electricity supplier to provide training for traditional small and medium-sized foreign trade enterprises, the formation of good policy guidance for enterprise transformation; pressure reducing lending requirements, improve credit limit, to ensure that enterprises get the transformation of funds; provide rebates for the transformation of enterprises, reduce the cost of transition. In addition, it is necessary to provide preferential policies for cross-border e-commerce platforms, cross-border logistics enterprises and cross-border payment enterprises. Specifically, by promoting decentralization and further optimizing the tax rebate policy, we can improve the initiative of cross-border e-commerce platform, simplify the procedures of customs declaration, reduce the amount of tax revenue, and attract interest.

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