# The impact of cross border e-commerce on foreign trade

## **Yuqing Jiang**

Business School, University of Shanghai for Science and Technology, Shanghai, China 13944886299@163.com

Abstract: the application of information technology in the economic market has brought new opportunities for the development of enterprises. In order to expand the industrial scale and improve the international status of the market, we carried out the research on the impact of cross-border e-commerce on foreign economic and trade. By analyzing the characteristics of cross-border e-commerce and the development status of foreign economic and trade market, we put forward that under the support of cross-border e-commerce, The two sides of the transaction do not need to meet through entities to conduct business transactions and business negotiations. In this process, it not only saves the transportation cost of meeting, but also saves the cost of manpower and material resources in the publicity process to a great extent. Therefore, it can be considered that cross-border e-commerce reduces the operating costs of foreign economic and trade. In addition, more and more enterprises use online transactions for resource interaction. Consumers can retrieve demand information on the Internet, and conduct capital transactions through electronic transactions and third-party platform verification, It can realize the convenience of foreign economy and trade.

**Keywords:** cross border; Electronic Commerce; Foreign economic and trade; influence; Operating costs; Online payment;

#### 1. Introduction

In the current trend of economic globalization, cross-border e-commerce models are proposed in the economic market. This external development mode is the core mode of international industrial construction, and is also a online transaction mode derived from Internet plus technology support. Under the background of continuous improvement of terminal Internet platform construction, the development of e-commerce is gradually moving towards the direction of internationalization, standardization and intelligence [1]. Under the support of this mode of operation and transaction, China's foreign economic and trade work is also increasingly perfect. Compared with the conventional e-commerce transaction mode, this transaction mode is a transaction mode for international enterprises, and this kind of business transaction focuses more on the confidentiality of front-end user information. Both parties can carry out information transaction in an anonymous environment, which greatly realizes the privacy and security of communication. However, based on the feedback data of relevant market units, we can see that some unscrupulous vendors in the market are taking advantage of this opportunity to conduct improper transactions on the Internet. Because of the privacy characteristics of cross-border e-commerce platforms, the criminals are at large.

## 2. Characteristics of cross border E-commerce

Compared with China's traditional foreign trade transaction mode, cross-border e-commerce has a more significant development trend of the times [2]. For example, all cross-border e-commerce transactions belong to paperless transactions. That is to say, all the behaviors take place on the Internet. Even if the transaction involves the filling in of electronic contracts and reports, users only need to fill in the electronic information at the computer terminal to realize the effective transaction between the two parties. This kind of transaction mode brings convenience for the cross-border development of Commerce in the real sense.

At the same time, the characteristics of international transaction is also one of the core characteristics of cross-border e-commerce. Because this transaction mode can not be limited by the trading place, trading space and trading time, trading behavior can also get rid of the restrictions of

#### ISSN 2616-7433 Vol. 3, Issue 5: 7-9, DOI: 10.25236/FSST.2021.030502

national boundaries. To sum up, paperless characteristics and international transaction characteristics can be regarded as the representative characteristics of cross-border e-commerce.

## 3. Development status of foreign economic and trade market

The development of cross-border e-commerce not only promotes the construction of market economy, but also reflects the potential disadvantages of China's current foreign trade in the market development. The details are as follows.

First, foreign development enterprises need professional talents as support. Because the business projects involved in enterprises are international projects, they not only require talents to have certain business ability, but also require talents to have strong language communication and expression ability. Comprehensive research on foreign economic and trade units found that most enterprises lack such comprehensive talents as support, leading to the construction of enterprises' foreign development projects has been loopholes.

Second, when transporting cross-border goods, the products traded need to undergo security inspection at the customs. The process of inspection will consume a lot of transportation time and cost, which will cause some negative intervention to foreign economic and trade behavior, and also reduce the efficiency of foreign economic transactions to a great extent.

## 4. The influence of cross border e-commerce on foreign trade

#### 4.1. Reduce the operation cost of foreign trade

Foreign economic and trade is the main carrier of cultural exchange and economic exchanges between China and foreign countries. Before the traditional foreign economic and trade behavior occurs, both parties need to meet and discuss at designated places, time or space, and the occurrence of such behaviors will increase the cost of economic transactions to some extent. Including, the transportation cost and human resource consumption cost of both sides. Meanwhile, during the process of meeting and talking between the two parties, the trading party needs to conduct meeting and promotion of the products, and the publicity cost in the process belongs to an additional expense. After the cross-border e-commerce trading model is put forward and applied, the behavior that both parties will talk to each other can be conducted on the Internet. That is, both parties can conduct business transactions and business negotiations without meeting entities. In this process, not only the transportation cost that both sides need to meet, but also greatly saves the publicity cost.

At the same time, using cross-border e-commerce platform, we can directly publicize business information and product information online, and use the network communication to publish and package product information at the network terminal. This way, broadens the sales channel of products, and saves the advertising and publicity expenses of the trading products to some extent.

In addition, packaging and publicity of products in this way can make foreign trade products more popular and innovative. At the same time, the end consumer can get information online and understand product information from multiple perspectives, including product price, origin and corresponding efficacy, so as to improve the popularity and credibility of products on the Internet or internationally. In a word, the proposal of cross-border e-commerce transaction mode has realized the convenience of transaction in the real sense, and created higher market value and economic benefits for China's foreign economic and trade exchanges enterprises and related units, and realized the development of a broader international market for products and industries.

## 4.2. It has realized the convenient payment of foreign economy and trade

In the early stage of foreign economic and trade, both parties need to participate in the transaction of products and cash by means of offline transaction. Although this way can meet the needs of consumers for products, this kind of transaction is not convenient, and even inhibits the consumer demand to a certain extent, which is not conducive to the international development of products.

However, with the application of e-commerce platform in China's market, more and more enterprises and external development units use online transaction for resource interaction. Consumers can retrieve demand information on the network. After locating demand resources, they can directly

## ISSN 2616-7433 Vol. 3, Issue 5: 7-9, DOI: 10.25236/FSST.2021.030502

communicate with merchants online, and exchange funds through electronic transaction and third-party platform verification. In this process, sales units can mail and distribute products according to the electronic payment declaration of consumers on the Internet, and consumers can also retrieve the transaction information and logistics information of goods in real time on the third party logistics platform [5]. When the international consumers receive the goods delivered by the sellers, they can communicate and feedback with the sellers through online evaluation and online communication.

In order to ensure the security of cross-border e-commerce transactions, most of the trading platforms use the third-party guarantee to support the transaction behavior, that is, consumers first transfer the deposit to the middleman, and then the middleman is responsible for the custody of the funds. When the end consumer confirms that the transaction product is correct, the third party security unit can transfer the consumer's funds to the merchant. This way not only protects the rights and interests of both sides, but also realizes the convenience of foreign economic and trade.

#### 5. Conclusion

In a word, the proposal of cross-border e-commerce transaction mode has brought great impact on the construction of China's economic market, and also provided new business opportunities for foreign development enterprises. In order to further improve the foreign construction capacity of China's economy, this paper will take this as the starting point, combined with the characteristics of cross-border e-commerce transaction, and carry out the research on its impact on foreign economy and trade, In this way, it is expected to provide new directions for foreign development enterprises and improve the position of Chinese market in the international market.

#### References

- [1] LIU Hongna. On the Countermeasures of developing foreign trade economy of agricultural products [J]. Journal of Tropical Crops, 2021, 42(05):1516.
- [2] CHENG Jiayùn, XUE Lanting. An empirical study on the relationship between foreign trade and economic growth based on VAR model [J]. Journal of Chifeng University, 2021, 37(01):90-94.
- [3] AN Min, WANG Lina, HE Weijun. An empirical study of Yichang's foreign trade, inbound tourism and economic growth based on VAR model [J]. Journal of China Three Gorges University (Humanities & Social Sciences), 2021, 43(01):68-74.
- [4] CAO Chong, XIE Wen-bao, XIA Yong. Opening up, trade competition and economic growth—Empirical analysis based on cross-border panel data between China and five Central Asian countries [J]. Prices Monthly, 2020(11):80-88.
- [5] SUN Le. A dynamic study on the relationship between foreign trade and economic growth in Beijing -- Based on VAR model [J]. Northern economy and trade, 2020(12):36-38.