

# Analysis on the Construction of “Online Silk Road” in Yunnan province

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**Abstract**—The "Online Silk Road" itself is an important part of the "One Belt and One Road" construction. The construction of the "Silk Road" has promoted the construction of the "One Belt and One Road". Compared with the high risk and low return that the "Silk Road" may encounter, the "Online Silk Road" has the characteristics of low cost, high efficiency, large capacity and low risk, which is easy to become a breakthrough point in the construction of "One Belt and One Road". Taking Yunnan Province as an example, it analyzes the problems existing in the construction and development of the "Online Silk Road" and puts forward corresponding countermeasures and suggestions.

**Keywords:** *Online Silk Road, Yunnan, cross-border e-commerce*

## I. INTRODUCTION

The "Online Silk Road" is a multi-domain and multi-level information economic belt based on "Internet +" formed by China and the countries along the "One Belt and One Road" to strengthen network interconnection and information exchange<sup>[1]</sup>. In 2011, Dunhuang Network first proposed the concept of "Online Silk Road" and began to build a global cross-border e-commerce platform<sup>[2]</sup>. Subsequently, Alibaba and other Internet companies have also sought to establish an "online Silk Road" in order to promote domestic products to the international market. On the "Online Silk Road" established by these Internet companies, the products are based on global cross-border e-commerce and are sold globally. After China put forward the "One Belt and One Road" initiative in 2013, the concept of "Online Silk Road" corresponding to "Silk Road" was formed.

Studying the impact of the "Online Silk Road" on the economic development of Yunnan will help us clearly analyze the great value of the "Online Silk Road" construction. At this stage, China urgently needs to strengthen its economic construction, and the development process of the "Silk Road" is closely related to China's "One Belt and One Road" economic development. At present, the "Online Silk Road" plays an important role in the construction of "One Belt And

One Road", both in the short term and in the future.

With unique location advantages, resource advantages and open advantages, Yunnan Province will promote the rapid development of the Internet economy in South Asia and Southeast Asia, cultivate new digital trade formats represented by cross-border e-commerce, promote online and offline collaboration of customs clearance logistics and financial services, and promote the construction of a new pattern of all-round cooperation in South Asia and Southeast Asia through cooperation in the Internet field<sup>[3]</sup>.

## II. THE BACKGROUND OF YUNNAN PROVINCE TO BUILD AN "ONLINE SILK ROAD"

### A. *The steady growth of Internet users has laid a good foundation for the building of the "Online Silk Road"*

China and Southeast Asian countries have unique advantages in terms of online consumer groups. According to the "2018 Southeast Asian Internet Economy Research Report", as of the end of 2018, there were 350 million Internet users in Southeast Asia, and since 2015, more than 3 million new users have been added each month. According to the "Statistical Report on the Development of China's Internet Network", as of June 30, 2019, China's Internet users reached 854 million, and the Internet penetration rate was 61.2%, exceeding the total population of Japan, Russia, Mexico and the United States<sup>[4]</sup>. In 2017, Yunnan became the first province that three major operational enterprises in China to simultaneously deploy provinces for network nodes in specific international regions (South and Southeast Asian countries). China Telecom and China Unicom have achieved docking with the telecom operator networks in Laos and Myanmar. The international communication service covers Vietnam, Laos, Myanmar, Thailand, Cambodia, India, Sri Lanka, Bangladesh and other Southeast Asian countries, and has become an important node

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for the international network of the three major operating companies. Five outbound optical cables have been imported into the national optical cable network, and the bandwidth of outbound has been expanded to 10Tb. The scope of international communication service has expanded to eight countries, greatly enhancing cross-border network communication capabilities. It can be seen that the continuous growth of Internet users has laid a good foundation for the development of cross-border e-commerce in China and the construction of the "Online Silk Road" in Yunnan Province.

*B. The continuous transformation of transportation mode and logistics mode has greatly promoted the cross-border e-commerce trade in Yunnan*

Railway. The Sino-Vietnamese railway channel has achieved full-track alignment of the domestic section. The two railways connecting Dali-Ruili in Myanmar and Yuxi-Qiyu connecting Laos are accelerating construction. The second Sino-Myanmar railway connecting Myanmar is Linyi-Qingshuihe, through Myanmar. The two railways connecting Mangshi and Monkey Bridge in India are carrying out preliminary work. Highway. The Kunhe Expressway connecting Vietnam, the Kunrui Expressway connecting Myanmar, and the Kunming Expressway connecting Laos have been completed. The second channel connecting the Myanmar-China-Myanmar Expressway, the Mojiang-Linyi-Qingshuihe Port, and the Tengchong-Mon Bridge Port connecting Myanmar to India is accelerating construction. The two channels of Tengchong-Miaoqiao Port are accelerating construction and are scheduled to be completed by 2020. Civil aviation. Up to now, the province has opened 88 international and regional routes, 56 international and regional navigation points, 69 provinces from South to Southeast Asia (54 in Southeast Asia, 15 in South Asia) and 41 in navigation (32 in Southeast Asia). 9 in South Asia, to achieve full coverage of the capitals of Southeast Asian countries, and the route network has covered 19 "One Belt and One Road" countries. Water transport. The preliminary work of the second phase of the Lancang-Mekong river channel improvement project was accelerated. Integrated transportation hub. The largest railway hub in Yunnan with three levels and six tracks of Kunming East Railway Station is officially put into use. Kunming East Railway Station will become the material exchange, transit and distribution center between China's mainland and South Asia Southeast Asian countries<sup>[5]</sup>.

In recent years, Yunnan has continuously accelerated the construction of the China-Burma Passage, the China-Burma-India Passage, the Sino-Vietnamese Passage, and the China-Laos Thailand Passage. The Sino-Burmese Passage is centered on the Ruili Port, and the Sino-Vietnamese Passage is centered on the estuary port. The port is the core cross-border logistics system. The continuous improvement of the logistics system has promoted the continuous development of cross-border e-commerce in Yunnan and promoted the construction of the "Online Silk Road" in Yunnan.

### III. THE STATUS QUO OF YUNNAN PROVINCE TO BUILD AN "ONLINE SILK ROAD"

*A. Yunnan's foreign trade continues to expand*

In 2018, the import and export trade volume of Yunnan Province reached a record high. The total value of foreign trade imports and exports reached 197.3 billion yuan, an increase of 24.7% over 2017. Of this total, exports were 84.77 billion yuan, up 9.4%; imports were 112.53 billion yuan, up 39.3%. The export growth was stable and the import growth was rapid. The overall foreign trade maintained a high growth level, which was 15 percentage points higher than the national foreign trade growth rate. In 2018, Yunnan and the countries along the "One Belt and One Road" maintained rapid growth in trade. The volume of import and export trade reached 133.16 billion yuan, an increase of 30.3%, accounting for 67.5% of the province's foreign trade market share.

*B. The cross-border e-commerce system in Yunnan Province has already taken shape*

In July 2018, the State Council approved the establishment of a cross-border e-commerce comprehensive pilot zone in Kunming. At present, the Yunnan Provincial Government has issued the "China (Kunming) Cross-border E-Commerce Comprehensive Experimental Zone Implementation Plan", which proposes to give full play to the advantages of Kunming's urban area, innovate cross-border e-commerce system and business model, and build a new cross-border e-commerce system. Building "two platforms and six systems", namely, improving the online public service platform for cross-border e-commerce, building a platform for cross-border e-commerce offline industrial parks, building a cross-border e-commerce information sharing system, building a cross-border intelligent logistics system, and establishing a cross- E-commerce credit system, construction of cross-border e-commerce financial service system, construction of cross-border e-commerce risk prevention and control system, and improvement of cross-border e-commerce statistical monitoring system.

*C. Full upgrade of software and hardware for e-commerce services*

In terms of hardware environment support, there are many convenient traditional business channels, rising electricity supplier parks, border warehouses and cold chain logistics networks, and the professional big data platform fully meets the infrastructure needs of Yunnan's economic and trade "Online Silk Road". In terms of soft environment support, Yunnan cross-border e-commerce park has been built. Among them, the public service platform integrates transaction, certification, payment, logistics, financing, insurance, testing, credit evaluation and other services, which is an important basis for developing of the "Online Silk Road ". At the same time, the platform breaks through the information barriers between customs, quarantine, foreign exchange and taxation, provides data query and analysis basis for customs, inspection and quarantine, foreign exchange management, taxation and other regulatory departments, and provides information sharing channels. Channels provide enterprises with a full process, one-

stop, low-cost, high-quality cross-border e-commerce public services, which greatly facilitates the development of cross-border e-commerce. Now, Yunnan Province has completed the construction of the "single window" of China's (International) trade and the construction of a cross-border e-commerce public service platform in Yunnan Province. Cross-border e-commerce enterprises can declare cross-border business through the platform, realize multi-sectoral data exchange and interconnected visits, etc., and significantly improve the province's cross-border business capabilities. At the same time, "Internet+" is also infiltrating into tourism, education, culture, equipment manufacturing and many other fields. Taking tourism as an example, the travel service tycoons, such as the Meituan and Tuniu, have signed a contract with each other. Through the large database of customers, the national tourists have the opportunity to know more about the tourism products. The promotion effect is greatly improved and the cost of promotion is significantly reduced.

#### IV. THE OPPORTUNITIES OF YUNNAN PROVINCE TO BUILD AN "ONLINE SILK ROAD"

##### A. *Continuous support of national policies*

In recent years, China has issued relevant policies to promote the development of cross-border e-commerce, including "Notice on Real-time Access to Cross-border E-commerce Platform Enterprises Payment Related Original Data" and "Notice on Enabling Information Management System for Inbound and Outbound Postal Goods". In August 2018, the "Electronic Commerce Act" was passed. It is the first comprehensive law in the field of e-commerce in China, which has made up for the lack of cross-border legal and administrative regulations in China.

In 2018, the "Kunming Cross Border E-commerce Development Plan (2018-2022)" issued by the Yunnan Provincial Government has promoted the transformation and upgrading of the industry and the enhancement of foreign trade level, and has become a new driving force for the steady growth of foreign trade and economic development. In 2019, in order to speed up the development of cross border e-commerce in the whole province and promote the leaping development of high quality, the provincial government issued the "Guiding Opinions on Further Accelerating the Development of Cross-border E-commerce". The postal industry has been supported by policies in cross-border distribution network construction, international mail express and customs clearance.

In August 2016, the Yunnan Cross Border E-commerce Association was established, and the "China South Asia Southeast Asia Cross-border E-commerce Expo" and the "China South Asia Southeast Asia Cross-border E-commerce Summit Forum" were held to promote the development of cross-border e-commerce in Yunnan, thus promoting the construction of the "online Silk Road" in Yunnan.

##### B. *Deepening China-ASEAN trade and economic cooperation*

In recent years, ASEAN has achieved an average annual economic growth rate of 5%. ASEAN GDP soared to \$2.9

trillion in 2018. China has been ASEAN's largest trading partner for eight consecutive years<sup>[6]</sup>. With the introduction of the "One Belt And One Road" initiative, ASEAN countries have attached great importance to it. They hope to align the "One Belt And One Road" development with the ASEAN community vision 2025 and the master plan on ASEAN connectivity 2025, so that the two sides can strengthen cooperation in infrastructure, logistics and trade for mutual benefit and win-win results.

Since the establishment of China-ASEAN Free Trade Area, Yunnan Province has actively integrated into the "One Belt and One Road" construction, and further deepened its economic and trade exchanges with ASEAN countries. In July 2017, the China-ASEAN Free Trade Area Business Portal Website was officially launched, and an information hub for Yunnan and ASEAN countries was established to promote the cooperation between Yunnan and ASEAN to a wider, broader and deeper level. At the same time, the Yunnan Provincial Department of Commerce will launch the implementation "Partnership Plan" and "SMEs Cross-border E-commerce Development Plan", together with relevant institutions, to jointly build the China-ASEAN electronic window platform and build a China-ASEAN trade and investment service network to help SMEs explore the ASEAN market.

#### V. THE CHALLENGES OF YUNNAN PROVINCE TO BUILD AN "ONLINE SILK ROAD"

##### A. *Inadequate supporting infrastructure and insufficient supporting and driving capacity*

Although the Internet penetration rate in Yunnan Province has been continuously improved, it is still at a relatively low level in China. The 49% Internet penetration rate is below the national average of 57.7%<sup>[7]</sup>. In the process of e-commerce development, the information infrastructure is relatively backward and the development level of electronic information industry is insufficient. E-commerce development service level is low.

##### B. *The "Online Silk Road" has a huge talent gap*

Cross-border e-commerce not only involves professional talents in foreign trade, logistics, e-commerce, finance, marketing and language, but also requires compound management and technical talents. Due to cross-border e-commerce industry knowledge, technical updates faster, school and society can't provide the corresponding professional talents in time. Along with the rapid growth of the Yunnan cross-border e-commerce group, the hunger for talents is constantly increasing, and e-commerce training for enterprises is still at the initial stage, both the foreign trade and the cross-border e-commerce cross-cutting talent gap are very large.

##### C. *Rapid development of cross-border e-commerce in Guangxi*

Guangxi and Yunnan have similar geographical locations, both of which are all frontier of China's economic opening to Southeast Asia. However, in recent years, the development of e-commerce and cross-border e-commerce in Guangxi is

obviously better than that in Yunnan, mainly reflected in the following aspects: The first is the size of the transaction. From 2013 to 2018, the volume of e-commerce transactions increased from 126.6 billion yuan to 800.2 billion yuan. In 2018, the cross-border e-commerce transactions amounted to 57 billion yuan, accounting for 7.1% of the total annual import and export volume of Guangxi. In 2018, the e-commerce transaction volume of Yunnan Province was about 77.9 billion yuan, and the cross-border e-commerce transaction volume was 2.9 billion yuan. The scale of e-commerce transaction in Yunnan Province is about 1/10 of that in Guangxi, and the scale of cross-border e-commerce transaction is about 5% of that in Guangxi. The second is the convenience of transportation and logistics. Guangxi has the most convenient onshore and sea access to ASEAN, and it is an important transportation hub for China-ASEAN transportation and logistics. It has better transportation and logistics convenience and lower cost than Yunnan Province. During the "Thirteenth Five-Year Plan" period, Guangxi will speed up the construction of the maritime ASEAN, the land-based ASEAN, the "One Belt and One Road", the five major channels connecting the Southwest, the South, and the Guangdong, Hong Kong and Macao. Guangxi has also vigorously implemented the "Internet + Circulation" action plan and completed the "Internet +" efficient logistics industry management policy system. The rapid development of cross-border e-commerce in Guangxi has brought great challenges to the development of "Online Silk Road" in Yunnan Province.

#### *D. Problems in the development of e-commerce in ASEAN countries*

In recent years, cross-border e-commerce in ASEAN countries has entered a stage of rapid development. It is estimated that the scale of e-commerce market in Southeast Asia will reach 20.4 billion dollars in 2020, which is expected to become the third largest e-commerce market in the world. However, the problems existing in the development of ASEAN e-commerce will bring great challenges to the development of cross-border e-commerce in Yunnan Province. First, the construction of ASEAN local e-commerce platform lacks relevant support. Local e-commerce platforms such as Vietnam, Thailand, and Malaysia are being suppressed by the competition of the international e-commerce platform due to lack of technology and experience. Second, there are differences in customs conditions and laws between ASEAN countries. The failure to reach uniform transit standards has made customs clearance, foreign exchange settlement, and tax rebate for cross-border e-commerce small and medium-sized high-frequency orders a significant problem. It is urgent for countries to cooperate with each other and pass through the green channel. The third is language barriers. Language is a powerful commercial driving force for the development of cross-border e-commerce. Due to the ethnic and linguistic diversity of ASEAN countries and the lack of relevant language talents in Yunnan Province, language communication has become a major obstacle to the development of Yunnan's "Online Silk Road".

## VI. THE SUGGESTIONS FOR YUNNAN PROVINCE TO BUILD AN "ONLINE SILK ROAD"

### *A. Accelerating the development of supporting infrastructure*

Accelerate the construction of network infrastructure in Yunnan Province, improve broadband penetration rate, network readiness rate and enterprise information index, improve e-commerce service level, and improve the cross-border e-commerce transportation logistics infrastructure in Yunnan Province and accelerate the construction of the international channel of Yunnan Province and ASEAN countries. At the same time, combined with the development needs of cross-border e-commerce, attract well-known warehousing, logistics, express delivery enterprises to settle down, and build a comprehensive service platform for centralized distribution of goods. In terms of financial payment, enterprises are encouraged to seek third-party payment and cross-border payment licenses, and to promote payment service agencies to provide multi-terminal payment services.

### *B. Vigorously cultivating interdisciplinary professionals*

In the process of building "Online Silk Road" in Yunnan, we need high-quality compound talents who understand both network technology and marketing management. Yunnan Province encourages all colleges and universities, research institutes and enterprises in the province to jointly train related talents, accelerate the school-enterprise cooperation training mechanism, and adopt multi-directional talent training models such as cooperative training, order training and short-term training, etc.<sup>[8]</sup> By integrating international trade, e-commerce and other professional resources, colleges and universities can strengthen school-enterprise cooperation, and build a practical training platform to make the talent training mode conform to the requirements of enterprises for talents. Encourage the construction of e-commerce startup incubators based on existing industrial parks, enterprises and universities, and create a group of cross-border e-commerce professionals and compound talents. It is also possible to formulate relevant policies to attract professionals from abroad and outside the province.

### *C. Establish a cross-border e-commerce service platform in Yunnan*

With the aid of Yunnan's special geographical location, we will accelerate the improvement of the existing cross-border e-commerce service platform in Yunnan. At present, Yunnan Yuexun's "cross-border purchase" implements the offline experience online trading model. It is important to ensure the rapid dissemination and distribution of effective information, improve the business efficiency of Yunnan cross-border e-commerce enterprises, and build a standardized and cross-border e-commerce environment.

Therefore, it is more important to promote the construction of the "1 + 10" cross-border e-commerce service platform system. "1" is to establish a Kunming municipal cross-border e-commerce public service platform, and "10" is to build 10 province cross-border e-commerce industrial park, on the basis of this, improve the existing cross-border e-commerce

service platform and build a comprehensive cross-border e-commerce support service system. Through this platform, customs clearance, logistics, inspection, settlement, and tax refund can be completed to accelerate the construction of cross-border electronic ports in Yunnan, thereby improving the transaction efficiency of cross-border e-commerce business, reducing operating costs, and promoting the rapid cross-border e-commerce in Yunnan.

#### *D. Familiar with the development of e-commerce in asean countries*

Yunnan foreign trade enterprises should make an in-depth investigation into the basic characteristics, consumption habits, consumption culture, logistics distribution and payment methods of online shopping of consumers in ASEAN countries. At the same time, we will have in-depth contact and connection with ASEAN e-commerce platforms, and strive to use the mature e-commerce platforms of ASEAN countries to enter the ASEAN market in a relatively short time. For example, domestic mobile phones such as Huawei and Xiaomi are sold through popular e-commerce platforms such as Lelong and Lazada in Malaysia to open the market. In terms of logistics construction, enterprises can choose to cooperate with UPS, DHL and other ASEAN international logistics express companies.

### VII. SUMMARY

Generally speaking, the development of "Online Silk Road" in Yunnan Province has certain advantages and opportunities, but it also faces challenges such as imperfect supporting infrastructure, insufficient relevant professional talents and competition in other provinces. Therefore, Yunnan Province should take advantage of its unique location advantages, resource advantages and open advantages, play a good role as a radiation center, continuously optimize the development environment, accelerate the construction of supporting infrastructure and the cultivation of professional talents, and promote the construction of Yunnan's "Online Silk Road".

The development of the "online silk road", on the one hand, meets the needs of cross-border e-commerce enterprises, is

conducive to the expansion of new forms and functions of trade, and further promote the transformation and upgrading of trade. On the other hand, it is conducive to expanding consumption, promoting the return of overseas consumption and accelerating the upgrading of consumption structure. The development of the "Online Silk Road" provides a new perspective for the construction of "One Belt and One Road" in China. Through the research on the construction of "Online Silk Road" in Yunnan Province, it can bring new inspiration to the development of "One Belt And One Road" and make unremitting efforts for China to build a modern and powerful country.

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