

# *The effect of e-commerce trade in China and its development path*

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**Abstract**—A prominent feature of the twenty-first Century world economic development is the high-tech industry with the information industry as the focus has become a leading force in promoting economic development. With the acceleration of economic globalization, With the Internet as the carrier of the electronic commerce is developing at a rapid pace in the global scope of application and popularization, this is a new modern business, which in the process of development, has shown great potential of economic and trade since twentieth Century 90s, and it is considered to be the mainstream in the development of future domestic and foreign trade. The development of modern information technology, especially the development of electronic commerce, has greatly changed the world's mode of production, trade and competition and challenged to the mode of operation, the enterprise management and the international competitiveness of our country. In our country, the information infrastructure construction is lagging behind, unable to meet the needs of e-commerce trade, enterprise information level is low and the development of e-commerce trade consciousness is weak. China's use of e-commerce to develop foreign trade has not attracted widespread attention to the majority of enterprises, especially in the vast, small enterprises. Enterprises informatization has become the bottleneck of the development of network economy in china. Therefore, researching the development status of electronic commerce in China, discussing the development trend and formulating and implementing the appropriate policies and measures become very urgent.

**Keywords**—*electronic commerce, external trade, trade effects*

## I. INTRODUCTION

In recent years, with the rapid development and popularization of network technology, e-commerce acts as transactions or as a media has made unprecedented progress in the breadth and depth of penetration into all aspects of society. In the area of international trade, e-commerce acts as a new mode of operation of the business, but also for its unique advantages for many countries to accept and use, and caused major changes in the international trade. As economic globalization progresses, the e-commerce business with its superior way to change the structure of the traditional flow of international trade, and promote the formation of "borderless" market globalization, updating the means of exchange in international trade, but also produced some new risks and problems, we should fully study the development trend of e-

commerce and its impact on international trade, while avoiding disadvantages, in order to promote the development of international trade.

Domestic scholars impact of electronic commerce in international trade also made a more in-depth study, the following briefly summarized the results of each scholar.

From a global perspective, although States remains uneven development of international e-commerce business, but a good development trend. Paperless trade is the future trend of international trade. China, the world's second-largest trading nation, to follow the development trend of international trade, develop e-commerce, the transition from big trading powers [6].

Although the application and practice of e-commerce for SMEs to develop the international market has brought great opportunities, but it must be pointed out that sustainable development remains competitive advantage comes from its core products or services, it is necessary and appropriate corporate strategic planning the technology can play a multiplier effect [3].

As the main trade foreign trade enterprises, the use of e-commerce reconstruct its cost advantage through economies of scale and customization, you can get the cost advantage and competitive advantage [4]. Therefore, the foreign trade enterprises, the development of e-commerce has created opportunities for the application of e-commerce for international trade is an inevitable choice for China's foreign trade enterprise development.

We should attach great importance to the development trend of e-commerce, e-commerce seriously study and explore their implications for international development law Trade-related impacts, in order to be able to participate more effectively in the international market competition, to obtain greater benefits in the process of economic globalization. Take active countermeasures, cultivate innovative mechanisms and the international competitiveness of enterprises, so that China's foreign trade advantages and win the initiative in the international competition, maintain a sustained and rapid development [8].

The role and impact of electronic commerce mainly in foreign trade will help reduce costs, improve business

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efficiency, and promote foreign trade enterprises on innovative management and improve the international competitiveness of enterprises and so on. Practice of e-commerce development in the field of international trade also faces problems, and restricted the further development of e-commerce and international trade activities [5]. For the current situation, the author analyzed the problems from the macro and micro aspects.

With economic development, the development of international trade and e-commerce increasingly close contact. The e-commerce development in China started late, it will not benefit from the development of international trade. E-commerce is widely used in international trade, international trade is set off in the field of a new revolution. From a global perspective, although States remains uneven development of international e-commerce business, but a good development trend. This paper analyzes the positive impact of electronic commerce on China's international trade and the negative effects, then proposed e-commerce development path in China's international trade.

## II. THE OVERVIEW OF E-COMMERCE DEVELOPMENT SITUATION

E-commerce not only developed in electronics, clothing, household goods, but also in trade, energy, manufacturing, finance and other industries are also showing a momentum of vigorous development.

### A. *development status of e-commerce*

Many large-scale traditional industries have also involved, to establish industrial Site, Chinese telecom operators, software and system integrators to be active in e-commerce services, mobile commerce become a new field of development of electronic commerce; E-commerce services and the internet company are developing to the direction of industrialization, now formed a certain scale of e-commerce services, It has emerged Alibaba, China's steel net, China Chemical network and a large number of e-procurement market. Also our government agencies have joined the "Government Online Project" list, released procurement information by the government network.

In recent years, with the rapid development of Internet technology, e-commerce is not limited to business to business trading patterns, more enterprises in order to achieve cost savings, reducing circulation and thus create a direct-to-consumer trading platform that B2C transactions mode; this time, with e-commerce C2B trading patterns corresponding to consumers and enterprises also immediately applied. it is through the convergence of consumers who have similar or identical demand to form a special group through collective bargaining, to reached the number of consumers to buy more in the relatively low price .in addition, C2C e-commerce as well as e-commerce BMC mode between the consumer ,regulatory and intermediate between consumers and business. B2G e-commerce model between businesses and government. With the advent of 3G era, mobile e-commerce has gradually developed, which uses the characteristics that a

moving mobile phone terminal to provide services to users anytime, anywhere.

### B. *The importance of e-commerce development*

E-commerce allows businesses to quickly obtain a wealth of market information, timely and accurate grasp of market demand to ensure the correctness of production and operation decisions. In a general sense, the business activities begins from the end of consumers. Consumer interest has led retailers to purchase products from manufacturer, which led to the parts supplier to purchase material from raw material suppliers to form an interlocking chain of commerce. Along with this commerce chain is a series of information to several different destinations. To ensure this chain in high-speed and uninterrupted operation, and to ensure that enterprises in the chain is always in the healthy running state ,an essential condition is the need to ensure appropriate high-speed flow of information and the correct handling of relevant information , which ensure that enterprises can quickly get rich, accurate information. If you still rely on artificial means to deal with the huge flow of information, the exact extent of its status and efficiency results are self-evident, the desire to quickly get rich accurate market information is impossible. The e-commerce is an effective solution to these problems. Because e-commerce rely on computer networks, particularly the Internet, will be able to carry out all aspects of enterprise business activities of the banded together, woven into a huge network of collaborative business activities, so that enterprises can be arbitrarily in this collaborative network of two or between points associated with various aspects of barrier-free exchange of information, exchange of information and to ensure that of high efficiency. At the same time, due to the use of modern means of information processing, it guaranteed the precise extent of information processing. These companies acquired information timely and accurate grasp the needs of the consumers and the trend of market, so timely and properly adjust their development strategies and business strategy so that enterprises in the fierce market competition, firmly grasp the right to win.

## III. THE POSITIVE AND NEGATIVE IMPACT OF ELECTRONIC COMMERCE ON CHINA'S FOREIGN TRADE

Before e-commerce is not present, Chinese enterprises foreign trade activity is usually carried out in a fixed market place, face to face business negotiations, and the use of a large number of paper documents is an essential part of every transaction.

### A. *positive impact of electronic commerce on China's foreign trade*

After the emergence of e-commerce, a "virtual market", through electronic data interchange (Electronic Data Interchange, EDI) system, China's import and export providers can use a spreadsheet for transportation, insurance, customs and foreign exchange and other work. At the same time, cross-border e-commerce achieve resource sharing and information transfer, thereby strengthening economic and trade ties and cooperation between China and other countries.

Online trading make contribution to reducing the cost of sales and procurement, shorten the inventory cycle (even to achieve zero inventory) and other aspects. Reducing the role of social transaction costs, many ordinary consumers had felt that through Taobao. Rely on the Internet platform, the costs of massive Taobao sellers shop can be greatly reduced, to provide consumers with more affordable products. Data show that Taobao transaction volume in 2009 exceeded 200 billion yuan, accounting for the total domestic retail sales of nearly 2%, just a few years to become China's largest online retail platform [1]. And the information itself becomes tradable goods. In e-commerce environment, trade of promotional materials, films, videos, books, magazines, newspapers and other products that can be transmitted through the network terminal deal. Transaction of information content can be repeated to broaden the scope of international trade in goods.

Changes in payment methods. In the traditional business activities, Chinese foreign trade enterprise payment settlement payments are usually remittance, collection, letters of credit, and in e-commerce activities, foreign trade enterprises for smaller amounts of operational processes is: customers choose electronic payment instrument, obtain bank authorization → through the client payment information is encrypted and submit orders → merchant's server check customer information, confirm and forward to the payment gateway, to obtain payment of funds authorized → bank give loopback payment authorization information to the merchant for security purposes after sending back to the client to give customers payment authorization request → confirm authorization, settlement and by specialized financial information net to inform of the merchant and the customer → merchant shipping notifications to customers. For the large amount of business, companies can choose to have a bank financial EDI payments [6].

#### *B. E-Commerce negative impact on China's foreign trade*

Development of electronic commerce on international trade has played a certain role, but e-commerce is not omnipotent, and in their level of development in different countries is not balanced, the huge gap between developed and developing countries in information technology has led to each received a significant gap between the benefits from electronic commerce, and thus the formation of a new trade barriers - barriers to trade based on e-commerce. Developed countries have already started, with its advantage of economy, information technology, the use of e-commerce to build a new technical barriers to trade, to increase the trade gap with developing countries, hinder the development of international trade for developing countries. Increased the Matthew Effect international trade in developed countries because of its strong economy and the rapid popularization of the Internet, e-commerce development seize the opportunity to actively participate in the development of a unified framework for global electronic commerce, protocol or standard to strive to grab the commanding heights in the new round of international economic competition. Developed countries using e-commerce to build new trade barriers, widening the gap between developing countries and increased the Matthew Effect in international trade. Compared with the developed

countries, e-commerce development process in developing countries is very backward, and what e-commerce give developing countries are not necessarily the "advantage", but raised the threshold for developing countries in international trade, the development of further deterioration of trade condition for developing countries.

#### IV. COUNTERMEASURES OF DEVELOPING ELECTRONIC COMMERCE IN CHINA'S FOREIGN TRADE

Chinese government should exert macro control of policy, standards, laws and regulations, and makes sure that they all work in a same uniformity and continuity. Moreover, the government should issue the framework of policy which benefits the development of China's electronic commerce.

##### *A. The Specific Countermeasures that how E-commerce Reinforces China's Trade Model.*

Due to the significance of policy, which decides how the electronic commerce evolves, the policy has to be made and as quick as it can do. Given the application of the mixture of commerce and high-technique, then, electronic commerce pumps out, and it infiltrates all the aspects in our society and all the industries, thus, the government need negotiate and communicate with the relevant enterprises and industries before it issues the policy, amplify the diaphaneity, acceptability, exemplariness and instruction function of the policy, We also should transit from being supervised by various departments to a core department during the legislation process. During the process of electronic commerce popularization, government can found experimental units, then, learn from those units, and then make the policy implement on a larger scale. Electronic commerce refers to a plenty of fields, and the industries and regions in China are in great difference, also the management in various enterprises are in wide range of levels, therefore, the conception of electronic commerce is also comprehended in many separate ways. In this certain circumstances, the experimental units seems crucial.

Besides, fully utilizing existing resources, which means boosts the blossom of electronic commerce in a planned manner and we take step by step, is critical. Nowadays, regards the status quo of international trade e-commerce implementation, there are two main approaches have been used, the first one is the corporations have great strengths, especially transnational corporations, depend their economic strengths and well-deserved reputation transfer all the chains of their business to internet. These corporations offer the platform to the small-scale corporations. The second one is using t carries out e-commerce. It is this approach that provides small-scale corporations with a more convenient way to expand their overseas markets. China doesn't have transnational corporations in its true sense, hence, fully utility of the international trade platform is substantial whether it is in the short or long term. China's enterprises which have the business of import and export should make full use of existing resources, and they can start from the application of international e-commerce platform and systematically achieve the flourish of Chinese e-commerce. On the one hand, improving the capacity of the provider of trade supporting in trade services platform and trying to providing the

comprehensive services to enterprises do not have the sufficient experience and capabilities in international trade are significant. On the other hand, improving the level of information application of the import and export enterprises as soon as possible and realizing the effective combination of Web sites and e-commerce platform are also necessary.

#### *B. The Specific Strategies to Address the Effects of E-commerce on Trade Barriers in China*

Technologically, enterprises should adopt a set of workable electronic technology measures to guarantee the security of transaction. The measures that most commonly used in transaction are listed as follows, applying digital certificate system as the solution to online transaction object identity problem, applying asymmetric key cryptography as the countermove for the issues of trade information transfer confidentiality, digital abstract, digital envelope and digital signature are applied to solve the problem that completed transaction information communicated after proper verification have not been modified, and the application of digital time has resolved time electronic transaction documents issued by certification issues. Except these basic techniques, it has also seen some security authentication protocols in recent years, such as secure electronic transaction agreements, which made a positive contribution to promoting and ensuring the security of electronic transactions.

As to the level of international trade operations staff, in which we request the characteristics of online participants in international trade and e-commerce online international trade to have a deep understanding of the online international trade risks vigilant.

#### V. CONCLUSION

This paper analyzes the positive impact of electronic commerce on China's international trade and the negative effects, then proposed e-commerce development path in China's international trade. As a new business model, compared to the traditional e-commerce business model has low cost, large amount of information, paperless, personalized, convenient advantage. Meanwhile, in the transaction process, it broke through the transaction in the form of space-time limit, accelerating the internal and external information exchange, reduce operating costs, improve enterprise management level and operational efficiency, enhance their market competitiveness and influence force, to the final consumers more choices and benefits. E-commerce to change the company's business model, changing the business model of

competition and strengthen the cooperative relationship between enterprises. As an advanced mode of operation, the operation of e-commerce industry as a whole will have a major impact. The e-commerce development in China started late, it will not benefit from the development of international trade. E-commerce is widely used in international trade, international trade is set off in the field of a new revolution. Application of EDI technology simplifies the trading process, improve the efficiency of trade, foreign trade enterprises to make management methods and the way government regulation changes have taken place; e-commerce to expand the scope of trade body, promote the development of trade in services and technology trade. On the other hand, e-commerce worsening terms of trade of developing countries, has resulted in substantial loss of tax, it had a negative impact on the development of international trade. From a global perspective, although States remains uneven development of international e-commerce business, but a good development trend. Paperless trade is the future trend of international trade.

#### ACKNOWLEDGMENT

This work was supported by the Science Foundation and Major Project of Educational Committee of Yunnan Province (No. 2014Z100); Applied Basic Research Programs of Yunnan Province (No. 2013FD029, and Philosophy and Social Science Foundation of Yunnan Province (Grant No. YB2015087)

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