

A Tentative Study on the Advantages of Cross-Border E-Commerce Development in Chongqing China

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Abstract: This article aims to discuss the significance and advantages of cross-border e-commerce development in Chongqing. The author first introduces the trend of international trade development and the development of cross-border E-commerce in the world and China, and continues to discuss the significance and advantages of cross-border e-commerce development in Chongqing.

1. Introduction

In the cross-border trade, the traditional foreign trade mode is weak with sluggish growth due to the closed demand of buyers, long order cycle, high exchange rate risk, low profit margins and increasingly frequent foreign trade friction. With the in-depth development of electronic information technology and economic globalization, cross-border E-commerce has become a new growth point for China's foreign trade and is changing the traditional pattern of international trade. Cross-border E-commerce has broken through the barriers between countries, has defused the limitations of the geographical factors that traditional exchanges have, and realized the borderless trade, which is conducive to enterprises looking for business partners in a broader market space. The potential for the development of cross-border E-commerce and the tremendous growth potential are not only the innovation of a business model, but also represent an emerging trade format and a new industry model, which is related to the adjustment of the entire economic structure and social transformation.

In view of the increasingly prominent role of E-commerce in international trade, the Commerce Ministry, Ministry of Finance, State Administration of Taxation and State Council successively issued opinions, notices and policies to encourage the development of cross-border E-commerce. On January 6, 2016, the executive meeting of State Council pointed out that the relevant pilot policy system and management system initially explored in the pre-pilot cross-border E-commerce comprehensive trial area in China (Hangzhou) will be extended to a wider area. At present, the number of cross-border e-commerce pilot cities has increased to 10 in Shanghai, Chongqing, Hangzhou, Ningbo, Zhengzhou, Guangzhou, Shenzhen, Tianjin, Fuzhou and Pingtan respectively and a cross-border E-commerce pilot area in Hangzhou.

2. The Significance of Developing Cross Border E - Commerce in Chongqing

The rapid development of cross-border E-commerce has contributed to Chongqing's economy and is conducive to the restructuring and upgrading of the traditional local commerce and trade in Chongqing, which is conducive to the construction of the largest cross-border import and export logistics port in the western region and the first in the country to build cross-border E-commerce industry chain, and it will eventually provide a convenient channel for local consumers to access cheap imported goods overseas.

Chongqing is one of the first pilot cities in China, which can enjoy the tax and policy advantages of postal delivery by piloting first. Coupled with possession of the only inland bonded port zone, it can radiate to seven neighboring provinces in the central and western regions, with a total population of 250 million in the radiation zone. It can be said that Chongqing possesses the

profound potential of developing cross-border E-commerce over the mature commercial environment in coastal cities in China.

The waterfront functional area of Chongqing Bonded Port Area is located at the intersection point of Chongqing-Sinkiang-Europe International Railway and the Yangtze River Golden Waterway Economic Zone. The airport functional area is located beside Jiangbei International Airport. With the transportation advantages of serving local and surrounding radiations, radiation scope of the transportation hub, covers surrounding eight capital cities and over 300 prefecture-level cities. In addition, a complete cross-border chain has been constructed from the aspects of hardware facilities supply, operation management mode and customs clearance. Bonded Port Area is the largest cross-border E-commerce logistics base and import and export commodity distribution center in western China.

As the strategic gateway for the Silk Road Economic Belt, Chongqing-Sinkiang-Europe International Railway has made Chongqing a forerunner of opening up to the west and opening up to Europe. For a long time, most Chinese cross-border E-commerce companies have adopted air and sea transport, seldomly used rail transport. When the development of cross-border E-commerce was determined in Chongqing, it was clearly pointed out that the core is to fully rely on Chongqing-Sinkiang-Europe International Railway to promote logistics development, which outstands Chongqing from other cities; therefore, E-commerce giants gathered in Chongqing. Chongqing developed railway network to enhance the logistics and distribution capabilities, which facilitates the export clearance. In the future, Chongqing will speed up the construction and development of the railway in the city. Chongqing railway construction will focus on building high-speed railways. By 2020, the total mileage of Chongqing railway will reach 2,600 km, which promotes the hub status in national railways and the external access capabilities. Through the multimodal transport system of railway to air transportation, railway to sea transportation and railway to highway transportation, Chongqing has opened up many international logistics channels including Singapore-Chongqing, Chongqing-Europe, Chongqing-ASEAN.

3. The Advantages of Chongqing Cross-Border E-Commerce Development

3.1 The Innovation of Chongqing Cross-Border E-Commerce Supervision Mode

Chongqing has the nation's first comprehensive cross-border E-commerce security risk monitoring service platform that uses grid quality tracing and risk monitoring to provide cross-border E-commerce with more quality assurance. In recent years, as a pilot city of cross-border E-commerce in China, Chongqing has transformed “traditional trade thinking” into “E-commerce thinking”. According to the e-commerce characteristics “small quantities, batches and timeliness”, a set of regulatory models to ensure the delivery time, quality and safety are invented. Under the guidance of the concept of “qualified hypotheses” which is suitable for E-commerce, Chongqing has explored new regulatory measures such as easing access thresholds, adopting multi-party results and supervising random inspections. The inspection and release efficiency has been greatly enhanced. The number of single-day inspection and release of parcels has been raised from the first few thousand to hundreds of thousands.

3.2 Convenient and Efficient Logistics Facilities

Chongqing has a well-developed logistics park, which takes advantage of the railway ports and the bonded logistics center of railways to create a cross-border E-commerce industry cluster and form a cross-border E-commerce incubator service center. Logistics Park will combine cross-border direct mail (direct purchase), bonded stocking and Chongqing-Sinkiang-Europe International Railway together to promote the international railways postal and cross-border E-commerce. There are three major advantages for Chongqing Logistics Park to develop cross-border E-commerce: first is national policy support, Chongqing is a pilot city for cross-border e-commerce, comprehensive pilot area for cross-border E-commerce and postal pilot city for international railways; second is logistics interoperability, the ports bring together a number of international freight trains such as

Chongqing-Sinkiang-Europe International Railway, China-Asia Railway and China-Turkey Railway (in preparation). Through the multi-modal transport system such as railway to air transportation, railway to sea transportation and railway to highway transportation, they will open up a number of international logistics channels such as Singapore to Chongqing, Chongqing to Europe, Chongqing to the ASEAN; third is fast low-cost domestic distribution capabilities.

In April 2016, Chongqing Cross-Border E-Commerce (Automobile & Motorcycle) Industrial Park settled in Jiangjin District of Chongqing. This is the first service platform for cross-border E-commerce import and export of auto and motor industries in Chongqing. 1,300 auto and automobile enterprises have settled in the park and a total of 3,000 are expected to be set up. As the first cross-border E-commerce service platform for import and export in the automobile and motorcycle industries in Chongqing, the cross-border E-commerce (automobile and motorcycle) industrial park will provide one-stop training, logistics, customs clearance and taxation services to Chongqing automobile and motorcycle enterprises. The establishment of the Chongqing Cross-Border E-Commerce (Automobile and Motorcycle) Industrial Park means that this will no longer be a problem - in addition to helping small and medium-sized manufacturing enterprises reduce their export costs, increase their overseas competitiveness and acquire brands. The logistics cost will be greatly reduced, which makes Chinese-made products overseas turn from “will sell” to “sell well”.

3.3 E-Commerce Companies Gathered

Since Chongqing became a national pilot city for cross-border E-commerce, one of its major tasks is to vigorously attract foreign investment and promote the growth of the mainstay of e-commerce businesses. At present, Chongqing has a total of 295 recorded companies in three major categories, namely, payment, logistics and warehousing. Alibaba and other well-known Business enterprises have settled in Chongqing; the rise of cross-border E-commerce also promoted the accelerated transformation of traditional local enterprises in Chongqing such as Chongqing Commerce Group's “Century Buy”, Chongqing Foreign Trade Group's “Westport Global Purchase”, Bonded Port Area's “Purchase Bonding”.

On March 31, 2016, the launching ceremony of China to Turkey cross-border E-commerce platform of DHgate was held in Chongqing. The platform will provide one-stop cross-border E-commerce services to small and medium sized enterprises in Turkey for trade opportunities, online product demonstrations, online transaction support, online logistics, customer service, cross-border E-commerce training and Internet finance. DHgate will also settle in Chongqing Logistics Park, helping traditional manufacturing enterprises in Chongqing to expand overseas markets.

On July 30, 2016, “Mall of China”, a cross-border E-commerce platform under the subsidiary of China Creation Group, was officially opened in Chongqing Bonded Commodity Trade Center. This cross-border E-commerce platform is dedicated to create “Mall of China”, a fast-growing and well-known health and fashion maternal e-commerce platform with more than 1,600 square meters of entity experience stores in Chongqing Bonded Commodity Exchange Center. In the future, more offline experience centers will be built.

3.4 O2O New Development Mode

“Westport Global Purchase” is a cross-border E-commerce platform established by the state-owned company Chongqing Foreign Trade Group. Relying on the overseas marketing network of Chongqing Foreign Trade Group, a large number of high-quality imported goods are brought together. The “Westport Global Marketplace” focuses on the world's boutique products for mass consumption. It mainly includes popular products such as clothing, bags, baby products, watches, 3C electronics, cosmetics, wine and fresh seafood. In addition, the platform takes an offline experience through the use of bonded port functions so that consumers do not have to wait long to be able to buy a satisfactory product. At the same time it is also the country's first cross-border E-commerce O2O mall, its sub-brand has been to Guizhou, Sichuan, Shandong and other places to expand and develop more than 200 experience stores.

“Mall of China” Cross-border E-commerce platform has more than 1,600 square feet of entity

experience shop in Chongqing Bonded Commodities Exhibition Center, and more offline experience centers will be built in the future. Mall of China Cross-border E-commerce platform applies “Bonded Import” policy to B2C and O2O mode for integration of online and offline shopping process, which makes the price, convenience, quality guaranteed. In this cross-border E-commerce platform, customers can purchase already-paid products directly in the store. For the bonded goods, you can choose the style in the store, scan the QR code of goods directly, and buy through the cross-border e-commerce platform. At the same time, consumers can log onto the “Mall of China” site to simultaneously purchase various imported goods at the Bonded Commodities Exhibition Center.

4. Conclusion

With the rapid development of cross-border E-commerce in Chongqing and the obvious advantages of location and superior policies in Chongqing, Chongqing has a huge potential for cross-border E-commerce development. Both opportunities and challenges need to be integrated with the relevant departments to build a cross-border E-commerce ecosystem circle, unique conditions, the gradual formation of cross-border E-commerce atmosphere, superior policy support, Chongqing's cross-border E-commerce development momentum is incalculable.

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