

DIGITAL ECONOMY DEVELOPMENT IN THE CONTEXT OF "THE BELT AND"ROAD"—CROSS-BORDER E-COMMERCE DIRECTION



<https://doi.org/10.24412/2181-1784-2023-21-608-615>

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Abstract: *Based on the "Belt and Road" strategy, this paper studies and analyzes the development of China's cross-border e-commerce and finds that, under the current situation that China is at the forefront of the international cross-border e-commerce industry, there are still problems such as the slow pace of the digital process and the shortage of complex talents. These factors limit the development speed of cross-border e-commerce.*

Key words: *The Belt and Road" strategy, digital economy industry, cross-border e-commerce*

Research background and significance

Since the Great Recession in 2008 and the impact of the COVID-19 pandemic in 2020, the overall global economic situation has become weak, global consumption levels have decreased, global trade growth has slowed down, and effective demand is insufficient. Economies still face a lot of uncertainty, leading to a decrease in foreign trade demand among countries and a contraction in global trade volume. At the same time, the degree of global economic integration is constantly deepening, and seeking regional cooperation has become a trend. In 2015 and 2016, China's foreign trade imports and exports experienced negative trade growth for two consecutive years. Since 2018, trade frictions have continued, bringing significant impacts to China's foreign trade exports.

Therefore, for a long time, the severe foreign trade situation in China has become the norm. The rapid development of digital economy industries such as cross-border e-commerce has led to setbacks in traditional economies and trade. With the rapid development of the Internet and information technology, the deepening of economic and trade cooperation between China and countries along "the Belt and Road", and China's economic transformation to normalization, cross-border e-commerce is in a favorable development environment, and the overall development trend of China's cross-border e-commerce industry is rising.

Therefore, this paper selects the cross-border e-commerce of "the Belt and Road" as the research object, systematically analyzes the current development situation, finds out the problems facing the development, and proposes rectification plans for these problems. This is of great significance for the development of cross-border e-commerce on "the Belt and Road", and also provides experience and

practices for the healthy development of cross-border e-commerce on "the Belt and Road".

1. "The Belt and Road" and cross-border e-commerce

The "Belt and Road" is the abbreviation of the "Silk Road Economic Belt" and the "21st Century Maritime Silk Road". This is a bilateral and multilateral mechanism led by China for cooperation with other countries. It is a joint development initiative for consultation, construction, and sharing, rather than China's foreign aid plan. With the help of existing effective regional cooperation platforms and the development concept of the ancient Silk Road, combined with China's current development situation at that time, this is a mutually beneficial and win-win cooperation opportunity for China and even countries along the route, jointly moving towards a community of interests, a community of shared destiny, and a community of responsibility.

Cross-border e-commerce is an international commercial activity that changes the traditional organization of commodity transactions, achieves transactions through e-commerce platforms, conducts electronic payment settlements, and completes transactions through cross-border e-commerce logistics and remote warehousing and shipping. It has become a highly competitive new format and engine in the field of cross-border trade. Cross-border e-commerce, as a new form of foreign trade, is an important booster for industrial transformation, upgrading, and innovation. There are various modes of cross-border e-commerce currently, mainly B2B, B2C, M2C, and C2C.

The essence of the B2B model (business-to-business) is to improve supply chain efficiency and optimize social resource allocation. The advantages of this model are to reduce procurement costs, reduce inventory costs, and expand market opportunities.

The B2C model (merchant to customer) is characterized by bonded operations, mainly through self-operation and direct procurement.

The M2C model (manufacturer to consumer) has the greatest advantage of reducing intermediate transaction links, saving costs, and making product prices more competitive.

C2C model (customer-customer). This type of model allows buyers and sellers to trade continuously 24 hours a day, with a wider trading range.

2. "The Belt and Road" trade provides opportunities, and preferential policies promote the development of cross-border e-commerce.

The year 2023 coincides with the tenth anniversary of China's "Belt and Road" initiative. Over the past decade, China has continuously deepened economic and trade exchanges with countries along the Belt and Road, and the scope of cooperation has gradually expanded. As of January 6, 2023, China has signed more than 200

cooperation documents with 151 countries and 32 international organizations to jointly build "the Belt and Road". The proportion of China's imports and exports to countries along "the Belt and Road" in China's overall foreign trade will rise from 25% in 2013 to 32.9% in 2022. In the first quarter of 2023, China's imports and exports to countries along "the Belt and Road" will be 3.43 trillion yuan, up 16.8% year on year, demonstrating the strong economic and trade vitality of the Belt and Road region.

In terms of infrastructure, the supporting facilities of relevant e-commerce industries along the Belt and Road will be gradually improved, which will also promote the development of cross-border e-commerce exports. For example, in the logistics sector, the old railway will be officially opened in December 2021. According to the data of the General Administration of Customs, one year after the opening of the China Laos railway, China's imports and exports to ASEAN via the China Laos railway will reach 13.12 billion yuan, accounting for 40.3% of China's total imports and exports to ASEAN in the same period. The types of cross-border goods carried by the China Laos Railway are constantly increasing, from rubber, fertilizer, and general merchandise in the early days of opening to more than 2000 kinds of goods such as electronics, photovoltaic, communications, cars, and flowers. The Memorandum of Understanding signed on May 19, 2023, between the National Development and Reform Commission of the People's Republic of China, the Ministry of Transport and Communications of the Kyrgyz Republic, and the Ministry of Transport of the Republic of Uzbekistan, on the Tripartite Joint Review of the Feasibility Study of the China Kyrgyzstan Ukraine Railway Construction Project (within the territory of Kyrgyzstan), marks the end of the feasibility study work for the China Kyrgyzstan Ukraine Railway project and also signifies the expansion of China. The import and export cooperation between Uzbekistan and Kyrgyzstan, the improvement of supporting facilities for the future e-commerce industry between China and Central Asia, and the common realization of mutual benefit and reciprocity at the same time.

In terms of currency payment, the application of RMB cross-border settlement is becoming increasingly widespread, and the internationalization process of RMB is steadily advancing. As of July 2022, China has established bilateral currency swap arrangements with more than 20 "Belt and Road" initiative countries and RMB clearing arrangements in more than 10 countries. The RMB Cross-Border Payment System (CIPS) is a financial infrastructure that provides cross-border and offshore RMB fund clearing and settlement services for domestic and foreign banking financial institutions and financial infrastructure. As of the end of April 2023, the CIPS system has a total of 1437 participants, including 80 direct participants and 1357 indirect participants. Since the launch, the number of participants involved in countries and regions along "the Belt and Road" has also gradually increased, which has promoted economic and trade exchanges between China and countries and

regions along "the Belt and Road" and played an important role in supporting the operation and development of cross-border e-commerce.

3. Opportunities and challenges faced by Uzbekistan

Uzbekistan is located in the hinterland of Central Asia and is the only country in Central Asia that borders all four other countries. It is also one of the only two dual landlocked countries in the world, and its closest border with China is only over 200 kilometers. The Silk Road has connected China and Ukraine since ancient times. China is Ukraine's second-largest trading partner, with a trade volume of 7.44 billion US dollars, a year-on-year increase of 15.5%, accounting for 17.7% of Ukraine's foreign trade. Among them, Ukraine's exports to China are 2.52 billion US dollars, an increase of 29.9%, and imports from China are 4.92 billion US dollars, an increase of 9.3%. China is Ukraine's largest export destination and second-largest source of imports. The two countries have strong economic complementarity, and bilateral trade relations have always maintained a good posture. China's cross-border e-commerce industry has provided Uzbekistan with a new economic growth point. Through cross-border e-commerce platforms, Uzbekistan's enterprises and individuals can sell goods and services to the Chinese market, further promoting economic development. The entry of cross-border e-commerce has strengthened trade cooperation between the two countries. Uzbekistan is one of the important partners of China's "Belt and Road" initiative. Cross-border e-commerce provides more opportunities and convenience for trade cooperation between the two countries. Uzbekistan's products can enter the Chinese market through cross-border e-commerce channels, and Chinese consumers can also purchase Uzbekistan's unique products through cross-border e-commerce platforms. The development of cross-border e-commerce has created more job opportunities for Uzbekistan. Through cross-border e-commerce platforms, Uzbekistan's enterprises and individuals can directly participate in cross-border trade, thereby driving the development of related industries and increasing employment opportunities.

When faced with opportunities, there will be challenges. China's cross-border e-commerce industry is leading globally and has high competitiveness. Local enterprises in Uzbekistan may face competitive pressure from Chinese cross-border e-commerce platforms and need to enhance their competitiveness in order to survive and develop in the market. There are also problems in logistics and transportation, and cross-border e-commerce requires convenient and reliable logistics and transportation services to ensure that goods can be transported from Uzbekistan to Chinese consumers in a timely and safe manner. However, Uzbekistan's logistics and transportation infrastructure may be relatively backward, and there may be problems with high logistics costs and low timeliness. Cross-border e-commerce involves the taxes and regulations of different countries, so it is necessary for the Uzbek government to formulate corresponding tax policies and regulations to adapt to this

development trend. At the same time, cross-border e-commerce also needs to operate in compliance with relevant import and export regulations and consumer rights protection. The cross-border e-commerce field requires professional talents to operate and manage. Uzbekistan may need to strengthen talent cultivation and technology transfer and provide relevant training and educational opportunities to meet the needs of industry development.

Although China's cross-border e-commerce industry has brought some challenges to Uzbekistan, through government support, industry cooperation, and technological innovation, these challenges can be gradually overcome and better development can be achieved.

4. Problems in China's development of cross-border e-commerce in the context of the "Belt and Road" strategy

In the context of the "Belt and Road" strategy, the development of cross-border e-commerce is of great significance to China's economic growth but also brings new challenges. Faced with the rapid development of cross-border e-commerce in China, there are innovative requirements in logistics, customs clearance, inspection, talent demand, and other aspects.

4.1 Slow progress in digital transformation and upgrading of logistics, customs clearance, and inspection processes

China's cross-border e-commerce has formed a relatively mature industry chain, one of which is the rapid development of e-commerce platforms. However, there are still many problems in the core links of industry chain development, logistics digital transformation, customs clearance, and inspection, which limit the operational efficiency of cross-border transactions. Cross-border logistics involves multiple links and is very complex, including domestic and international logistics, customs, and transportation. Therefore, compared to domestic logistics, its difficulty and cost are higher, especially in terms of customs and commodity inspection, which brings greater risks to cross-border e-commerce. The traditional customs inspection process is suitable for traditional offline B2B transactions, while cross-border e-commerce has the characteristics of small order volume and high frequency, which is not suitable for the efficient operation of cross-border e-commerce B2B and B2C. In addition, according to statistics, the logistics cost of selling a product overseas is very high, sometimes accounting for 20%–30% of the total cost. Therefore, reducing logistics costs is an urgent issue for cross-border e-commerce in China.

4.2 Current situation of the talent market with mismatched supply and demand

According to survey data, by 2022, there were a total of 7460 major enterprises in China's cross-border e-commerce industry, with 2021 being the main registration boom and 1486 registered enterprises in 2021. Faced with the rapid growth in the

number of enterprises today, their demand for talent has only increased without decreasing. However, behind the rapid development of cross-border e-commerce, according to professional estimates, there are currently nearly a million cross-border e-commerce businesses in China, with a huge demand for talent and a serious shortage of talent.

5.Reflection and summary on the development of China's cross-border e-commerce in the context of the "Belt and Road" initiative

5.1 Innovate the customs clearance and inspection process and promote the digital transformation and upgrading of the industrial chain.

To address the current situation where logistics and inspection in the industrial chain cannot keep up, we need to find solutions from the root cause, take digital construction as the starting point, innovate customs clearance and inspection, and strengthen logistics construction.

In order to solve the problems of cumbersome customs clearance and high transportation costs in China, the Ministry of Commerce has taken a series of measures. One is to establish a comprehensive cross-border e-commerce pilot zone, promote infrastructure construction, and implement supporting policies. Secondly, the B2C and B2B export products of cross-border e-commerce are separated from general trade, simplifying the customs clearance and inspection process of export products and improving customs clearance efficiency. Finally, strengthen the construction of the logistics system, such as by opening cross-border e-commerce trains to Europe. In addition, it also promoted the construction of domestic large-scale cross-border e-commerce platforms, strengthened the layout of overseas warehouses, and covered developed countries and regions as well as countries and regions along "the Belt and Road".

In 2020, the "Bay Area" China Europe Express, which was loaded with goods, departed from Shenzhen to Budapest. This train transports a variety of goods, including electronic products, and has become a newly opened cross-border e-commerce logistics construction special train, greatly improving logistics efficiency and reducing logistics costs. The smooth operation of China Europe Express and Central Asia Express ensures docking between China and cities along "the Belt and Road" and becomes an important support for stabilizing the international supply chain.

5.2 Cultivate "Internet plus foreign trade" compound talents in the context of the "Belt and Road" strategy.

Combining the new requirements for talents in the context of the "Belt and Road" strategy as well as the characteristics of the cross-border e-commerce industry different from traditional foreign trade, it is proposed that the complex talent

positioning of "Internet plus foreign trade" is more in line with the requirements of the times.

On the government side, with the active participation of cross-border e-commerce associations and universities, we actively guide relevant government departments to build cross-border e-commerce platforms, publish, formulate, and interpret various relevant cross-border e-commerce policies, actively introduce and retain cross-border e-commerce talents.

In terms of enterprises and schools, the integration of industry and education, as well as school-enterprise cooperation, can be adopted to effectively solve the problem of the mismatch between the professional talents cultivated by universities and the talent needs of enterprises. In the rapidly developing industrial environment, practical capabilities are particularly important. Through the linkage between schools and enterprises and the cultivation of practical abilities, talent advantages can be formed, and China's cross-border e-commerce development can be promoted to a new level. In order to solve the problem of talent shortages and attract more talents to join, a cross-border e-commerce industry expo was held in 2023 to cultivate new talents in various ways and alleviate the pressure of talent shortages.

Conclusion

Based on the background of the "Belt and Road" strategy, through the research and analysis of the development of China's cross-border e-commerce, it is found that under the current situation that China is at the forefront of the international cross-border e-commerce industry, there are still problems such as the slow pace of the digital process and the shortage of complex talents. These factors limit the development speed of cross-border e-commerce. Therefore, this also suggests that China's cross-border e-commerce needs to make changes, and the government should provide timely guidance, allocate resources reasonably, coordinate healthy development between regions, promote the construction of key links in logistics and other industrial chains, and jointly cultivate talents with and with enterprises.

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