

Research on the Development of Cross-border E-commerce in Daqing under the Strategy of “The Belt and Road”

Chen Zhen

College of Humanities and Social Sciences, Heilongjiang Bayi Agricultural University, Daqing, Heilongjiang 163319, China.

zhenchen20032002@aliyun.com

Abstract

Under the opportunity of development of the “Silk Road Economic Belt” and the “21st Century Maritime Silk Road” (hereinafter referred to as “The Belt and Road”, facing the new normal of comprehensively deepening the reform in Daqing City, the cross-border e-commerce construction of Daqing City presents a typical trend of co-existence of opportunities and challenges. Based on the analysis of the current situation of cross-border e-commerce in Daqing City, this paper discusses the main problems in the development of cross-border e-commerce in Daqing City, and puts forward the corresponding development strategies.

Keywords

Cross-border e-commerce; “The Belt and Road”; Daqing City.

1. Status of Cross-border E-commerce in China under the Strategy of “The Belt and Road”

“The Belt and Road” is a development initiative put forward by China, which focuses on Eurasian countries. The connection is mainly between China and cooperation between the mainland-based “Silk Road Economic Belt” and “The Oceanic Sea Silk Road”.

The initiative was announced by President Xi Jinping at the end of 2013 and was then promoted during Prime Minister Li Keqiang’s visits to Asia and Europe. “The Belt and Road” proposed in 2013 has not only accelerated the development of China’s foreign trade. At the same time, to some extent, it also creates many new development opportunities for cross-border e-commerce platform. Driven by the initiative, the export cross-border e-commerce platform developed rapidly by the bonus of “The Belt and Road” initiative. In 2017, the scale of cross-border e-commerce transactions in China’s exports increased by a large margin, reaching 6.3 trillion yuan, an increase of 14.5 percent over the same period last year, according to the report on the Development of China’s Export Cross-Border Electronic Commerce in 2017. The national initiative of “The Belt and Road” not only brings rare development opportunities to export cross-border e-commerce platform, but also promotes the flourishing development of other fields such as financial payment, cross-border logistics, etc.

2. The Present Situation and Problems of Development of Cross-border E-commerce in Daqing under the Strategy of “The Belt and Road”

2.1 The Current Situation of Development of Cross-border E-commerce in Daqing under the Strategy of “The Belt and Road”

The main incubating place of Daqing E-commerce platform is located in Daqing High-tech Development Zone Daqing E-Commerce Industrial Park and is also the development base of Daqing cross-border e-commerce business. Daqing Electronic Commerce Industrial Park has devoted itself to the construction of eight platforms, one of which is the cross-border e-commerce trading platform. This platform relies on enterprises to integrate Daqing City and even Heilongjiang’s superior products exported abroad. Led by the “online Silk Road” initiative, cross-border e-commerce companies in Daqing E-Commerce Industrial Park had the turnover of 41 million yuan by the end of June 2017, equaling to 42 percent increase year-on-year.

Under this background, some cross-border e-commerce enterprises take this opportunity to explore the market actively. A number of representative enterprises have emerged with the new retail mode, the whole industry-chain model, the platform-incubation model, the Internet-plus-traditional-enterprise model and so on.

Daqing National Milk as one of the outstanding enterprises, has supplied nearly 24 million yuan of cross-border goods. Daqing National Milk adopts a new retail model, upgrading from the initial dairy products, Longjiang feature products online sales to a combination of physical stores and e-commerce model. At present, Daqing National Milk has invested nearly 20 million yuan to build JingDong Maternal and Child Partnership Store, JingDong Home Appliance Exclusive Store, Xiaomi Ecological Exclusive Store and other new retail commercial entities combined with e-commerce in Daqing. In the first half of this year, the company's turnover has reached 45 million yuan, and the annual turnover is expected to exceed 150 million yuan.

The cross-border e-commerce model, represented by EYiGou, sells more than 1000 kinds of Russian goods one after another. With Daqing as its headquarters, it sells Russian birch antler essence tablets and Russian food to the whole country through a self-built e-commerce platform. Recently, the construction of Russian birch antler products and Russian food Daqing production base is being planned.

With the platform incubating mode represented by Huawei, we cooperate with Alibaba international station to carry out cross-border e-commerce incubation, talent start-up incubation, business incubation and industry incubation.

With Tianyuan, Shengkai, Siberia, Chuanshou shopping mall, Russian Pinghui and other veteran trading companies as representatives of the comprehensive company, with the help of the Alibaba website to achieve transactions, the transaction volume accounts for about 60% of the total turnover. Among them, Chuanshou Shopping Mall directly docked with Russian manufacturers, and the online price of the same soybean oil was more than 10 yuan less than that of Alibaba; and Russia PineShop, which has been engaged in trade with Russia for many years, is now a one-stop shopping platform for Russian goods.

The traditional agricultural and sideline products enterprises, represented by the catfish ditch, have also sold high-quality rice, such as weak alkali rice and long-grained rice, to various parts of the country through the transition to e-commerce. Now they are looking for foreign agents to create brands through cross-border e-commerce channels.

In recent years, export logistics construction of cross-border e-commerce in Daqing city has also developed significantly. In the Daqing Electronic Commerce Industry Park, the logistics operation in the logistics park is also developing healthily. The first phase of the logistics warehouse is mainly operated by Daqing National Milk Electronics Co., Ltd., with a total sales volume of 30 million yuan up to the first half of 2017.

Including Daqing Milk Powder, Daqing Laojiao, Flying Crane, KAO, Wanda Mountain and so on, with a total delivery of about 78253 orders, among which China Milk and Japan warehouse supplied Daqing National Milk 10 million yuan in the first half of the year and imported 22 containers in the first half of the year. To provide sales and JingDong National Milk sales, products include Wang Flower, King, Eunia, and so on. Logistics warehouse phase II is also about to be completed.

In 2015, the Daqing Comprehensive bonded area began to build in the early stages; in 2017, on this basis, Daqing Jiulong Fine Chemicals Co., Ltd. and Russian Ruslan Global Co., Ltd. have reached a preliminary cooperation intention on the joint construction of Daqing "Sino-Russian Comprehensive Free Trade Zone" project. Daqing City "Sino-Russian Comprehensive Free Trade Zone", located in Daqing High-tech Development Zone, the direction of development for cars, new materials, chemicals, equipment, green food, trade logistics and so on, improve the Daqing cross-border e-commerce industry chain.

2.2 Problems Existing in the Development of Cross-border E-commerce in Daqing under the Strategy of “The Belt and Road”

The initial development of cross-border ecommerce in Daqing City since 2013 has made a breakthrough in the past five years, but there are still many problems to be solved. The main problems are as follows: the most prominent problem is the shortage of comparative advantage of factors of production due to the objective reasons of geographical location; second, due to the constraints of objective factors and historical factors, This has led to the imperfect development of the cross-border e-commerce industry chain in Daqing; third, the current development of cross-border e-commerce is seriously decentralized, with cross-border e-commerce competing on its own, resources cannot be shared, complementing and cooperating; fourth, Daqing has a small capacity to export scientific and technological software. Lack of core Internet services; fifth, lack of professionals in cross-border e-commerce; sixth, lack of confidence in the development of cross-border e-commerce in some counties and enterprises.

3. Analysis of the Problems in the Development of Cross-Border E-commerce in Daqing under the Strategy of “The Belt and Road”

3.1 The Lack of Comparative Advantage of Factors of Production

Daqing is located in the northern temperate continental monsoon climate zone. The production cost of enterprises in winter increases, and the investment cost is relatively large. What's more, located inland, Daqing is neither along the border nor by the sea. Without foreign trade ports like Mudanjiang and Jiamusi, long-time logistics and relatively high operating costs are the main predicament in Daqing. Part of the land in Daqing is oil field construction land. If investors want to run a plant in this site, coordination with lengthy procedures with PetroChina is needed which results in prominent land contradiction (Ma Youjun, Zhu Yu, et al. 2017).

3.2 The Imperfection of the Elements of Cross-border E-commerce Industry chain

The industrial chain of cross-border ecommerce industry chain is comprehensive and consists of the following main elements: international export marketing platform, export logistics, international payment, financial credit service. In the context of international export marketing platforms, as mentioned above, The cross-border e-commerce business in Daqing City has built its own cross-border e-commerce platform (Russia billion purchase) or has cooperated with the existing international export platform (Internet China with Alibaba International Station), but neither the scale nor the number is large enough. In the absence of a large international export marketing platform with universal influence in the whole country, an industrial chain and an industrial system adapted to the development of cross-border e-commerce have not yet been formed. In export logistics aspect, Daqing city export logistics construction also has the outstanding development. In Daqing Electronic Commerce Industrial Park, the first and second phases of logistics warehouse have been built, but the scale of development is small and not mature enough. In terms of international payment and financial credit services, cross-border e-commerce in Daqing City can only take advantage of existing cross-border e-commerce services.

3.3 Resources of Cross-border E-commerce Cannot be Shared

Firstly, most enterprises or platforms are fighting their own way. At present, cross-border e-commerce enterprises in Daqing City have soared compared with the previous years, but most of the enterprises or platforms are their own portals. Some of the enterprises that have their own products have built their own shopping malls or opened stores on mature e-commerce platforms. They have already formed their own e-commerce channels, but they are easy to build, but not so easy to promote. This has formed a lot of entity enterprises have their own independent mall, but overseas consumers only know a few commonly used phenomenon. Although the enterprise continuously for the mall to do a variety of promotion, but little effect. Second, resources can not be shared, complementary and cooperative. There is no consensus among enterprises in the field of e-commerce promotion and development cooperation, resulting in resources not to be shared.

3.4 The Lack of Professionals in Cross-border E-commerce

At present, the professional teams and talents in various fields of the cross-border e-commerce industry chain in Daqing City are relatively lacking, and the supply and demand are not balanced. In Daqing City, people familiar with cross-border e-commerce, business negotiations, foreign economic cooperation, laws and regulations, minority languages, etc., are relatively scarce. These problems have restricted the development of cross-border e-commerce to a certain extent.

3.5 The Lack of Confidence in the Development of Cross-border E-commerce in Some Counties and Enterprises

Some counties, districts and enterprises, because of their lack of understanding of cross-border e-commerce, have no confidence in the future development of cross-border e-commerce. They are afraid of difficulties in developing cross-border e-commerce, lack and active initiative to find markets and open up markets, and lack confidence in the future development of cross-border e-commerce. The current cross-border e-commerce development areas are mainly located in the main urban areas of Daqing City-Saltu District, Longfeng District, Ranghulu District and its vicinity. The surrounding areas of Daqing, such as Honggang District, Datong District, Zhaozhou County, Zhaoyuan County, Lindian County, Duerbert Mongol Autonomous County also did not pay enough attention to the development of cross-border e-commerce and reasonable planning (Daqing Net / 2017).

4. Policy Suggestions on Development of Cross-border E-commerce in Daqing under the Strategy of “The Belt and Road”

At present, with the promotion of Belt and Road’s strategy and advantage policy, the construction of cross-border basic passage in Heilongjiang Province has developed rapidly. Heilongjiang Province is building the “Eastern Land and Sea Silk Road Economic Belt”. This economic belt can not only shorten the transportation time, reduce the transportation cost, but also promote the development of cross-border logistics industry. Now the state has incorporated the “Eastern Land and Sea Silk Road Economic Belt” into its national planning, and has successively introduced relevant promotion policies. Daqing should make full use of these favorable forms and preferential policies to accelerate the development of cross-border e-commerce. According to the basic situation of cross-border e-commerce in Daqing, this paper puts forward the following suggestions:

4.1 Taking Advantage of the Bonus of “The Belt and Road” to Develop Cross-border E-commerce

4.1.1 Taking Advantage of the Broad Market of “The Belt and Road” to Develop Cross-border E-commerce

Belt and Road’s strategy has opened up a broad overseas market for cross-border e-commerce. With the rise of markets such as Russia, Brazil and India, the demand for e-commerce resources in the countries along “Belt and Road” has outstripped supply, while “Made in China” among cross-border e-commerce businesses is of good quality and cheap. There are good prospects for development in these countries. In addition, the Asian peripheral markets, such as the Southeast Asian market, have relatively weak domestic manufacturing industries, which are also areas in which cross-border e-commerce in China has greater market potential; domestic e-commerce is not well developed in Central and Eastern Europe, Latin America, and Africa. It will also be an important growth point of the cross-border e-commerce market in China in the future. At present, a large amount of foreign demand for Chinese made in China has promoted the rapid development of cross-border e-commerce in China, and the “The Belt and Road” strategy has provided many guarantees for this new development in line with the international market (Wefeiqiong 2016). Seizing this vast market is a good opportunity for Daqing to develop cross-border e-commerce.

4.1.2 Using Belt and Road’s Preferential Policy to Develop Cross-border E-commerce

The implementation of Belt and Road's strategy not only opened up broad overseas markets for the development of cross-border e-commerce, but also brought a series of dividends to the development of cross-border e-commerce by preferential policies issued by the State Council and the General

Administration of Customs from 2013 to 2018. Such as tax concessions, logistics preferential policies, etc. (see Table 1). Daqing City should seize this opportunity to use these dividends and preferential policies to promote the development of cross-border e-commerce.

Table 1. Major Supporting and regulating policies for cross-border e-commerce

Time	Department	Name of the document (meeting)
August 2013	Ministry of Commerce and other 9 departments	Opinions on Implementing Policies to Support Export Retailing of Cross-border Electronic Commerce
September 2013	Department of Commerce	Circular on Tax Policy for Retail and Export of Cross-border Electronic Commerce
September 2013	Ministry of Finance, State Administration of Taxation	Circular of the State Administration of Taxation of the Ministry of Finance on the Implementation of a Pilot Tax Policy for the Transport Industry and Part of the Modern Service Industry to Change the Business Tax to Value Added Tax in the Whole Country
June 2014	Ministry of Finance, State Administration of Taxation	Supplementary Circular of the Ministry of Finance and the State Administration of Taxation on the Zero Tax Rate Policy for International Waterborne Value-added Tax
June 2015	the State Council;	Guidance of the General Office of the State Council on Promoting Healthy and Rapid Development of Cross-border E-commerce
June 2016	the State Council	Creating a Good Market Environment to Promote the Implementation of Transport Logistics Integration
June 2017	the Customs General Administration	Announcement on Regulatory Matters Relating to Cross -border E-commerce Retail Import and Export Commodities
June 2017	the Customs General Administration	Notice on Enterprise Access of Cross-border Electronic Commerce Import Unified Version Information System
June 2018	the State Council	Asia-Pacific Trade Agreement

Source: Electronic Commerce Research Center (2018)

4.2 Strengthening the Support of Municipal Government to Develop Cross-border E-commerce

The Daqing Municipal Government should call on enterprises and institutions to strengthen their understanding of the importance of developing cross-border e-commerce and research on development strategies; at the same time, integrate the development of cross-border export e-commerce into the key economic development planning, and timely issue industry access and financial credit. Network payment, transaction logistics, technology support, tax support policies to support the development of cross-border e-commerce. Further develop the existing Daqing e-commerce industry park, expand the existing scale of cross-border e-commerce business such as milk, Russia buy, Interstate; encourage more traditional offline enterprises to join the cross-border e-commerce field.

4.3 Perfecting the Industry Chain of Cross-border E-commerce to Develop Cross-border E-Commerce

First of all, Daqing needs to actively develop a large-scale export cross-border e-commerce platform, cultivate large-scale international export marketing platforms with universal influence across the country, and form an industrial chain and industrial system adapted to the development of

cross-border e-commerce. Secondly, To develop other elements of the industrial chain export logistics, international payment, financial credit services and other elements. At present, Harbin and Mudanjiang has been approved as a cross-border trade e-commerce pilot city. Taking this as an opportunity, Daqing should actively explore the channels of cross-border logistics, payment and foreign exchange settlement, innovate cross-border e-commerce services, mobile e-commerce, cloud computing and big data, network credit system application model, Let the foreign trade enterprises of Daqing city find a new way to increase the profit of products through cross-border e-commerce. Daqing City should cooperate with "Belt and Road" actively, open up the "Longjiang Land and Sea Silk Road Economic Belt" on the net, integrate and construct, cultivate the whole industrial chain of cross-border e-commerce, and speed up the innovation and development of cross-border e-commerce in our city. At the same time, in the promotion and development of e-commerce cooperation, encourage cross-border e-commerce to share resources, complementarity and cooperation.

4.4 Taking Advantage of Cross-border Cultural Exchanges to Develop Cross-border E-Commerce

Since the reform and opening up, Daqing City and foreign culture, science and technology, education, sports and other fields of cooperation is increasingly close, cross-border cultural exchanges highlight the basic advantages (Liu Xiaojun, Zhang Binyi 2016). Since 1985, Daqing has proposed friendly city relations with cities of many countries. After entering the 21st century, Daqing has become increasingly frequent in cross-border cultural exchanges with its neighboring friendly cities, with outstanding basic advantages (see Table 2); at the same time, the "Sui-Man Economic Belt" in "The Belt and Road" initiative and the "rising National Initiative of the Eastern Land and Sea Silk Road" make the spillover effect of the above advantages of the expansion of communication between Daqing City and neighboring countries more prominent. Economic and trade cooperation has always been complementary to history, culture and humanities. Daqing City can make full use of the good foundation for cultural and cultural exchanges already established, establish deeper economic and trade cooperation, and promote cross-border e-commerce development with these cities; at the same time, Daqing should actively seek foreign cooperation and open up more neighboring countries.

Table 2. Daqing City and its sister cities with neighboring countries

Serial Number	Sister Cities	Neighboring Countries	Date of Approval
1	Daqing City--Calgary City	Canada	May 16, 1985
2	Daqing City-Qiu Ming City	Russia	June 24, 1992
3	Daqing City-Luhansk city	Ukraine	September 21, 2000
4	Daqing City-Chatsborough	Australia	September 29, 2000
5	Daqing City-East London City	South Africa	June 14, 2001
6	Daqing City-Zhongzhou City	Korean	March 31, 2008
7	Daqing City-Carter state city	Mauritius	May 31, 2010

Source: Department of Commerce of Heilongjiang Province (2017)

4.5 Training and Introducing the Talents to Develop Cross-border E-Commerce

In view of the lack of proficiency in cross-border e-commerce, foreign law, international, open management and professional personnel in the foreign market, Daqing's institutions of higher learning are encouraged to actively train cross-border e-commerce businessmen; at the same time, Increasing efforts to attract cross-border ecommerce businessmen should be supported by the government's policy of introducing talent.

4.6 Developing Non-oil Economy to Develop Cross-border E-Commerce

Daqing is famous as an oil city at home and abroad, but the cross-border ecommerce industry prefers daily necessities. Therefore, Daqing should turn its attention to the non-oil economy, and the agricultural and sideline products famous in Northeast China with the characteristics of “Beidahuang” are a big market that can be opened up. Although Daqing is not directly adjacent to Russia and other countries, it is adjacent to cities such as Mudanjiang and Suifenhe in Heilongjiang Province. With this geographical advantage, it can develop non-oil

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