Research on the Path and Policy of RCEP Promoting the High-quality Development of China's Cross-border E-commerce

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Abstract

With the formal entry into force of RCEP, China's cross-border e-commerce has ushered in greater development opportunities. However, China's cross-border e-commerce is facing a series of problems such as low logistics efficiency, high cost, lack of talents and high payment risk, which hinder the development of China's cross-border e-commerce. Therefore, this paper analyzes the development status and difficulties of China's cross-border e-commerce and the impact of the implementation of RCEP on China's cross-border e-commerce, so as to put forward the specific path and policy optimization scheme for the high-quality development of China’s cross-border e-commerce.

Keywords

RCEP; Cross Border E-commerce; High Quality Development; Path and Policy.

1. Introduction

On January 1, 2022, RCEP entered into force, aiming to jointly establish a modern, comprehensive, high-quality regional Economic Partnership (RCEP) that benefits all by reducing tariffs and removing trade barriers. It means the world's largest free trade zone has officially arrived. The implementation of RCEP will improve the trade environment for cross-border e-commerce in the region, promote trade liberalization and facilitation, and promote the development of cross-border e-commerce.

2. Development Status of Cross-border E-commerce in China

2.1. Rapid Development and Broad Prospects

The global supply chain has struggled to dominate demand as the world economy has been hit hard by the COVID-19 pandemic. Under such circumstances, China's cross-border e-commerce is still making progress, and the rapid growth of market size is constantly helping China's foreign trade economic growth. In recent years, the transaction scale of China's cross-border e-commerce market keeps growing. Neither the outbreak of the epidemic nor the severity of the current world situation has stopped its progress. The figure below shows the transaction scale and growth rate of China's cross-border e-commerce industry from 2017 to 2021.

As an emerging form of business, cross-border e-commerce industry is strongly supported by China's policies. Whether it is the promotion of China's "One Belt and One Road" strategy, China's application for joining CPTPP in 2021, or the formal entry into force of RCEP this year, they have greatly promoted China's trade with foreign countries and injected vitality into the development of China's cross-border e-commerce.
Figure 1. Data chart of transaction scale and growth rate of China's cross-border e-commerce industry from 2017 to 2021
Data source: Net Economic society

2.2. Residents are more Willing to Spend on Cross-border E-commerce

Figure 2. China’s cross-border e-commerce user scale and year-on-year growth rate from 2015 to 2021
Data source: IMedia Consulting

With the rapid growth of China's economy, residents' personal income is also increasing year by year, which enables residents to expand their consumption level. Due to the maturity and development of China's cross-border e-commerce industry, Chinese consumers have the opportunity to contact more foreign products, thus increasing the demand for their products, promoting the increase of cross-border e-commerce import demand. On the other hand, the
outbreak of COVID-19 has also prompted people to switch from offline consumption to online consumption. Many young people are more inclined to shop overseas, which has promoted the development of cross-border e-commerce in China. From 2015 to 2021, the number of cross-border e-commerce users in China will increase year by year, and people’s willingness to consume on cross-border e-commerce will become stronger and stronger. With the formal implementation of RCEP this year, it is expected that the number of cross-border e-commerce users in China will further expand. The figure shows the user scale and year-on-year growth rate of China’s cross-border e-commerce from 2015 to 2021.

3. Difficulties in the Development of China’s Cross-border E-commerce

3.1. Cross-border Logistics has High Cost and Low Efficiency

Logistics is the basic guarantee of goods in cross-border e-commerce trade and plays an important role in cross-border e-commerce trade. However, there are some problems in China’s cross-border e-commerce logistics. First of all, the whole logistics process is complex, low efficiency and slow distribution. In cross-border e-commerce transportation, there are many transportation links, problems occur frequently in the transportation process, customs clearance is blocked, and some force majeure factors will lead to complicated cross-border process and slow delivery. Secondly, cross-border logistics costs are high. Due to the multiple links and complex processes of cross-border logistics, the influence of local customs and policies, as well as the various subjects and forms of cross-border transport, the cost of cross-border logistics will increase, resulting in the logistics cost of cross-border e-commerce accounting for about 20-30% of the total transaction amount of cross-border e-commerce. Finally, the informatization level of cross-border logistics is low. At present, the cross-border commodity logistics information sharing platform is still in the development stage and is not fully mature, which reduces the efficiency of cross-border logistics service.

3.2. Lack of a Large Number of Professionals

![Figure 3. Proportion of talent demand in different positions in cross-border enterprises](Data source: Zhaopin.com)
The outbreak of COVID-19 has promoted the transformation of people's consumption patterns, leading to the accelerated growth of China's cross-border e-commerce in the past two years, but also the emergence of a shortage of professional talents. The "talent shortage" has seriously hindered the development of China's cross-border e-commerce. The shortage of cross-border e-commerce talents in China reached 6 million in 2021 and is growing at a rate of 30 percent every year, according to the report. Caused this phenomenon is mainly due to the traditional foreign trade talented person can't satisfy the needs of the development of cross-border electricity, only both at the same time, e-business, international trade, cross-border electricity and other professional knowledge compound talents is the needs of the development of cross-border electricity industry, but the serious shortage of such talents in our country, resulted in the cross-border electricity industry talents in short supply. The figure shows the proportion of talent demand in different positions of cross-border e-commerce enterprises in 2021.

3.3. There are Risks in Cross-border Electronic Payment
Since the payment of cross-border e-commerce is conducted online and consumers directly transact with the personal account of the merchant, there is a lack of certain protection. When consumers leak their personal information online due to improper operation and at the same time, it will lead to the loss of consumers' property. Therefore, in cross-border e-commerce transactions, if the security of payment is not guaranteed, consumers will worry about the security of their money and be suspicious of the security of cross-border e-commerce payment, thus avoiding cross-border shopping, which will seriously affect the development of China's cross-border e-commerce.

3.4. Imperfect Laws and Regulations
Cross-border e-commerce is an emerging form of business, which is different from traditional foreign trade. Therefore, laws and regulations on China's traditional trade mode can no longer meet the development needs of cross-border e-commerce. For example, in the process of cross-border e-commerce transactions, there are no contracts and shopping vouchers, so it is easy to cause some disputes. It cannot be effectively regulated under current laws and regulations. As the relevant laws and regulations are not sound and the supervision system is not complete, some fake and shoddy products emerge in the process of cross-border e-commerce, seriously damaging the consumer rights and interests of residents, thus affecting the reputation of China's cross-border e-commerce.

4. The Impact of the Implementation of RCEP on China's Cross-border E-commerce
4.1. Promoting Trade Facilitation
RCEP requires Member States in the region to optimize procedures, improve service guarantee capacity, optimize enterprise management, handle customs matters in advance through the application of information technology, simplify customs clearance procedures, so as to accelerate the rapid customs clearance of goods, promote trade facilitation, unify standards, restrict the behavior of cross-border enterprises, maintain customs order and ensure trade facilitation through credit management and inspection management. RCEP vigorously promotes paperless trade, encourages the use of electronic authentication and electronic signature, implements the whole cross-border e-commerce trade in electronic form, and promotes the process of trade facilitation. For China, the entry into force of RCEP can enable China's cross-border e-commerce enterprises to complete the customs clearance of import and export goods within 48 hours, and there is no limit on the time to stay in RCEP member states in the process of commodity distribution and logistics, which can save the cost of cross-border e-commerce enterprises. Therefore, RCEP can help expand the export of China’s cross-border e-commerce.
e-commerce enterprises and optimize the layout of enterprises. For importers and exporters, RCEP can accelerate the flow of goods among regional countries and allocate resources reasonably.

4.2. Improve Logistics Efficiency
For China’s cross-border e-commerce enterprises, the formal implementation of RCEP can help enterprises adopt efficient customs procedure management methods such as pre adjudication, pre arrival processing and the application of information technology in the process of foreign trade, simplify logistics links and reduce customs clearance procedures, greatly shorten logistics time, improve China’s cross-border e-commerce logistics efficiency and drive the development of new cross-border logistics.

4.3. Reduce Cross-border Transaction Costs
The implementation of RCEP agreement means that more than 90% of the goods trade between member countries in the region will achieve zero tariff, which means that the Asian cross-border e-commerce market will enjoy huge institutional dividend and opening dividend. For China’s cross-border e-commerce enterprises, tariff reduction means that they can significantly reduce trade costs in the process of cross-border transactions, improve their profitability and product competitiveness, and benefit all enterprises and consumers.

4.4. Help E-commerce Enterprises Transform and Upgrade
In the RCEP agreement, electronic signatures, electronic documents and electronic authentication have the same legal effect as paper documents, which will greatly improve the foreign trade efficiency of cross-border e-commerce enterprises. Moreover, with the wide application of Internet, big data technology and artificial intelligence in cross-border e-commerce trade, it will promote the online, digital and intelligent cross-border e-commerce trade in China, boost smart foreign trade and help the transformation and upgrading of cross-border e-commerce enterprises. In addition, with the signing and entry into force of RCEP, the cross-border e-commerce market among member states in the region will change from a disordered and irregular market to a unified rule market, forming a complete supply chain and ecological chain in each region, and further promoting the transformation and upgrading of China’s cross-border e-commerce enterprises.

5. Paths and Policy Suggestions for the High-quality Development of China's Cross-border E-commerce under the Background of RCEP

5.1. Improve Cross-border E-commerce Laws and Regulations
Firstly, on the basis of the original relevant laws and regulations, combined with the characteristics of today's cross-border e-commerce market, formulate relevant laws and regulations. In particular, relevant systems, laws and regulations have been issued in the aspects of third-party supervision and supervision, customs declaration and tax declaration, electronic contract law and third-party certification, so as to severely crack down on fake and shoddy goods and infringing products, ensure the security of merchants’ intellectual property rights and consumers' personal information, and safeguard the interests of China’s customs. Secondly, in cross-border payment and settlement, accelerate the construction of payment and settlement legal system, implement regulatory measures for third-party cross-border payment, and protect the capital and property security of merchants and consumers. Finally, implement the credit system, build a complaint and dispute mediation mechanism, provide consumers with credit evaluation standards, commodity complaint platform and dispute resolution system, and provide consumers with legal consulting business. In order to improve consumers’
satisfaction with China’s cross-border e-commerce, so as to promote the healthy and high-quality development of China’s cross-border e-commerce.

5.2. **Strengthen the Training of Cross-border E-commerce Professionals**

Under RCEP, China’s cross-border e-commerce enterprises need a large number of compound talents with solid professional theoretical foundation, broad and profound professional quality and superb practical ability. At present, China’s talent export is mainly in Colleges and universities. Therefore, colleges and universities should adjust the training scheme of cross-border e-commerce professionals according to the current form of cross-border e-commerce industry, set up characteristic class teaching, and integrate cross-border industry knowledge, e-commerce, international trade, business English and cross-cultural knowledge, so that students can learn the complete professional knowledge of today’s cross-border e-commerce industry and cultivate a large number of professionals in line with today’s industrial development, Excellent talents with high literacy and high skills. In the process of theoretical knowledge teaching, colleges and universities should also pay attention to students’ practical ability, accelerate the establishment of school enterprise cooperation, cultivate students’ practical ability in the mode of school enterprise cooperation, so as to stabilize students’ professional skill theory, and cultivate professionals according to the needs of enterprises, so that students can directly invest in their jobs after graduation without training and reduce enterprise costs. Therefore, solving the problem of talent demand in China’s cross-border e-commerce industry plays a positive role in the high-quality development of China’s cross-border e-commerce.

5.3. **Make Industrial Layout in Advance**

"It is better to plan ahead before the rain, rather than dig a well before the thirst". This should be the case for cross-border e-commerce enterprises. Facing the broad blue ocean market brought by RCEP to China’s cross-border e-commerce industry, China’s cross-border e-commerce enterprises should make use of their own advantages to make industrial layout in advance, plan ahead and seize the first opportunity in the future competitive market. Taking the quality and price of cross-border goods as an example, among the member countries of RCEP, Singapore is a relatively developed country, and the consumption level of local residents is high. Therefore, Singaporean residents will pay more attention to the quality of goods rather than the price of goods, however, Thailand, Vietnam and other countries have a low level of personal consumption and will pay more attention to the cost performance of goods. Therefore, countries with high consumption of water products such as Singapore should pay more attention to the quality of goods, while some less developed countries should produce some goods with high cost performance. It can be seen that China’s cross-border e-commerce enterprises should understand the consumption habits, consumption level and local economic development level of consumers in each foreign market in advance, make good industrial layout in advance, make full use of the dividends brought by RCEP, create a unique Chinese brand, go to sea smoothly, seize opportunities and promote the high-quality development of China’s cross-border e-commerce.

5.4. **Accelerate the Layout of Overseas Warehouses**

The outbreak of the COVID-19 has led to a sharp increase in the global online consumer market and the rapid development of China’s cross-border e-commerce industry. Since RCEP came into effect in January 2022, it has once again brought major development opportunities to China’s cross-border e-commerce industry. Facing such a broad market, China’s cross-border e-commerce enterprises should carry out overseas warehouse layout in advance to meet the needs of foreign markets for export commodities. Overseas warehouses can convert many small package transportation into bulk commodity transportation, reduce cross-border
logistics costs, and the rapid return and exchange process can improve the satisfaction of overseas consumers. Cross border e-commerce enterprises using overseas warehouses can increase the exposure of their products in the local market and effectively explore overseas markets. In the peak sales season, the layout of overseas warehouses can avoid goods transportation congestion and affect the delivery time. Finally, because the overseas warehouse adopts the traditional foreign trade logistics mode, this can reduce the risk of customs clearance. Therefore, the establishment of overseas warehouses and localized distribution teams by China's cross-border e-commerce enterprises can make products closer to the localized market, improve the development of cross-border e-commerce enterprises and promote the high-quality development of China's cross-border e-commerce.

5.5. **Attach Importance to Intellectual Property Compliance**

Cross border e-commerce enterprises should pay more attention to intellectual property. When conducting import and export business, they should conduct a detailed investigation on the intellectual property problems in the target market, understand the local policies on intellectual property, and take reasonable preventive measures to deal with the possible problems of intellectual property rights. Before foreign trade, conduct a detailed search of trademarks, patents and other related trade goods to prevent the possibility of infringement. Apply for possible patents and trademarks in advance, improve their advantages in the competition of commodity intellectual property rights and obtain intellectual property benefits. In addition, we will preserve and protect the data related to intellectual property rights in the transaction link, always pay attention to local policies, hire relevant local experts for training and exchange, and increase the importance of intellectual property rights to cross-border e-commerce enterprises.

5.6. **Enhance Their Own Competitiveness.**

In order to cope with the fierce market competition, cross-border e-commerce enterprises should strengthen innovation in products, services and brands, improve the added value of goods and enhance their own competitiveness. In terms of products, cross-border e-commerce enterprises should pay attention to the innovation of product technology, improve the quality of products, increase the cost performance of products, and produce products in line with different markets; In terms of service, enterprises should promote overseas logistics layout, carry out intelligent logistics, improve the timeliness of distribution, and optimize the return and exchange process; In terms of brand, cross-border e-commerce enterprises should build their own brands, promote brand innovation, increase brand value and form China's cross-border e-commerce brand image. From the above three points, enhance the core competitiveness of cross-border e-commerce enterprises.

6. **Conclusion**

To sum up, under the background of RCEP, in order to promote the high-quality development of China's cross-border e-commerce, it is necessary to lay out in both government and enterprises. At the national level, we should constantly improve China's laws and regulations on cross-border e-commerce and cultivate a large number of cross-border e-commerce composite professionals; In terms of enterprises, cross-border e-commerce enterprises should do a good job in industrial layout in advance, speed up the construction of overseas warehouses, pay more attention to intellectual property rights and comprehensively improve their competitiveness.
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