

# Influence of E-commerce on China's International Trade

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**Abstract:** With the rapid development of information technology and economic globalization, the extensive application of e-commerce in international trade has become the inevitable trend of knowledge economy era. As the direct result of increasingly mature development of internet technology, e-commerce is the new direction for business development in the future. At present, e-commerce has extended to each social field, in which the field with the deepest influence and greatest impact is international trade. The application of e-commerce in international trade has decreased trade cost, increased trade opportunities and improved trade efficiency. At the same time, e-commerce has expanded the space and site of international trade, shortened the distance and time of international trade, simplified the procedure and process of international trade, achieved globalization, intelligence and paperless of international trade activities and realized epoch-making deep reform. This paper objectively analyzes the problems existing in the development of China's e-commerce at the present stage and the main factors that restrict the development of e-commerce in china. Starting with the relation between e-commerce and international trade, this paper analyzes the current application and existing problems of e-commerce in China's international trade. Finally, we put forward countermeasures and suggestions to accelerate the development of e-commerce and promote international trade in china.

**Keywords:** E-commerce; International trade; Measure

## 1. Introduction

In recent years, the foreign trade activities of Chinese enterprises have become more vigorous. Especially the birth of e-commerce, it subverts the traditional concept of international trade. It changed the traditional way of trade. Compared with the traditional way of international trade operation, the advantages of e-commerce in international trade are very obvious. E-commerce significantly reduces the cost of international trade and improves the efficiency of transactions. In order to improve customer satisfaction, e-commerce can operate around the clock. E-commerce reduces reliance on physical infrastructure. It brings new opportunities and challenges to Chinese enterprises engaged in foreign trade. Against the background of the balanced increase of the global economy and the rapidly spread of the technology of internet broad band, the e-commerce market around the world's main countries and districts has sustained the rapidly increased state, and e-commerce's room of progress has been extended largely. E-commerce has formed its own business carrier and exchange mode on its way of development, and it is raising a new revolution in the area of international trade. The use of e-commerce has expanded the area of international trade, shortened the distance and time of it, and still predigested the procedure and process of it. E-commerce makes the action of international trade grow into globalization, intellectualization, paperless and facilitation. It finished the deep revolution over the centuries.

China's e-commerce develops rapidly. On the background of the new economic time, it has emerged its important station in the international trade.

## 2. The Existing E-commerce Problems in China's International Trade

The application of china's e-commerce has become more and more important in the area of international trade. But our e-commerce still has a large distance to the world level. On the background of the computerization of the global trade, without e-commerce it would be difficult to enter into the market in a short time. Linking the problems which met by the medium-sized enterprises as they developed e-commerce, we can summarize the problems as follows:

### 2.1. Loss of faith in deal

In china, the traditional shopping habit is "looking, touching, listening and tasting." Public commonly feel that shopping on line is abstract, dangerous and unauthentic, that makes the business link of e-commerce easily break. In the whole e-commerce activity, the lack of good faith is very serious. The submission of information by Internet business is untrue. The product publicity information is not in accordance with the actual situation. The purchased product does not agree with the product delivered. Consumer personal and consumer information

security is not guaranteed. Product after-sales service cannot be guaranteed.

On account of issues about internet security occurred frequently, internet users' confidence in small and medium-sized e-commerce websites is also in danger. It's hard for web users to build trust quickly. This leads to site traffic is difficult to translate into actual orders. According to the survey of CNNIC, only in the first half of year 2016, almost 90% people who visited the e-commerce website said that if they cannot get further ensuring information of those websites they would be choose to give up the deal. Lack of trust has become the biggest bottleneck in the development of e-commerce in small and medium-sized enterprises. Therefore, e-commerce experts believe that the construction of trusted networks has become an urgent problem to solve.

To prevent phishing sites from infringing on themselves and consumers, many e-commerce sites have enabled the identification of trusted sites. They began trying to build trust bridges between businesses and Internet users through third party certification services. It can be seen that mutual trust is the basic guarantee of transaction in network transaction. We also need some time to realize the flow of online shopping, the flow of funds and e-commerce security transactions. Lack of good faith is harmful to the interests of both sides of the transaction. This undermines the normal environment of e-commerce. This leads to lower social trust in e-commerce transactions. This has hindered the development of e-commerce to a certain extent.

## 2.2. Instability of legal environment

Governments, industry and consumers are taking the risk of getting into the new platform of e-commerce. They expect that they could get a strong protection from the network market and eliminate some unnecessary obstacles in e-commerce. Although China has promulgated <Electronic Signature Law> and this law does have the influence of adjustment, regulation and protection in the business certification of e-commerce. But it cannot reach the requirement of other parts. On the one hand, with the spread the internet there are more and more dissensions about intellectual property on software, music, film and so forth; On the other hand, the making of the related law is lagging behind the development of information industry. The professional law still needs improvement. There has no professional law for regulating the character and service of the product so that it is easily to bring on the dissension for its haziness.

## 2.3. Technology problem

The obstacles in technology mainly include the reliability of network, the speed of data transmission and so forth. Internet is an important precondition for the development of e-commerce. Compared with those countries whose e-

commerce has developed very maturely? The network's bandwidth and speed in China are very low. The feedback speed when surfing is very slow. The quality of network is bad. The telecom charge is somewhat high. The information security system and social credit system are not perfect. The bank electronic payment system is not perfect enough. The distribution system is not perfect. Online trading consumers are lack of confidence.

The technologies in information industry of China are far behind other countries. Especially information products and technology with intellectual property rights, which is a main cause for the lag of network foundation. As e-commerce is a kind of business action which is based upon the information communications. So, for the operation of e-commerce we should build some necessary fundamental facilities of information, including the construction of diversified information transmission network, the research of information transmission equipment, the development of information technology and the series construction of information fundamental facilities which are used in multimedia teaching, distance teaching and distance health care. For the reason of economic strength and technology, the construction of network fundamental facilities is comparatively slow and lag, the qualities of those build networks are relatively low and the charge for the citizen's use is comparatively high.

To realize the indeed real-time internet business the network we need a super answer speed and somewhat higher bandwidth for our network. And to realize that we need the support of hardware for the high-speed network. But at this time the most of networks speed cannot reach the actual requirement. In addition, the penetration rate of china's information terminal unit is low. Information products such as the core component of high performance computer must rely on import. Those would be the restrict factors for the development of e-commerce.

## 2.4. Security problems

Nowadays with the prevalence of network and the spread of e-commerce., the problem of cybercrime become more and more serious. Security problem once ranked the first place. Business websites always suffer hostile assaults launched by hacker and network virus, and those assaults lead to the paralysis of computer system and the loss the data. This problem cannot be improved effectively even with the use of firewall and virus-killer software. Company's secret business information is easily intercepted by network device in its process of transmission. Then, the leak of business secret may bring on loss which is beyond redemption. Personal information, including the number of credit card, address may be copied as people make deal online or browse the pages.

## 2.5. The lack of talents

E-commerce is a combination of modern information and business. People who can command and use the theory and technology of e-commerce are interdisciplinary talents with the knowledge of modern information technology, business theory and practice. Whether a country can train a large number of these interdisciplinary talents can become the key factor for the development of e-commerce in this country and district. The lack of technological talents has become an important factor that hinders the development of e-commerce.

In a word, the problem at this moment is that e-commerce has little applications in international trade. As a large country of world trade we China should pay highly attention on the area of international trade. We must follow the trend, create condition, build and develop our own e-commerce.

### **3. Countermeasure and Advice**

The development of e-commerce is not only a challenge to China's international trade, but also a golden opportunity. So we should face up to it and put forward some suggestions that can be improved.

#### **3.1. Strengthen infrastructure construction**

E-commerce is the product of the development of network technology. Its rapid development has put forward higher requirements for network infrastructure. Compared with the high investment information highway in developed countries, China has a weak foundation and insufficient investment in information infrastructure construction. Only urban information facilities in China are doing better, forming a certain scale. From a nationwide perspective, many areas are lagging behind in optical fiber laying, computer popularization and network construction. Some places have even become blind spots for the construction of information superhighway. Information poverty is regarded as the bottleneck of economic development in developing countries. If China lags behind in the construction of information infrastructure, China may lose the opportunities that e-commerce brings to the economic development. In order to promote the development of China's e-commerce, we have accelerated the construction of information infrastructure. We should also make effective use of existing network resources.

#### **3.2. Advocate credibility of e-commerce transactions**

During the whole process of E-Commerce, adopt the data warehouse and data mining to establish a sound credibility system which provides a credit inquiry platform for users. This platform can analyze and record every transaction automatically, and provide the transaction history and evaluation for both transaction partners timely, thereby improving the exchange rate and credibility.

In the process of e-commerce what buyer and seller most concern is the authenticity of supplied information, the reliability of partner and the credibility. Thus, a relevant database which has lots of information for purchaser, seller, transaction safety, after-sale service and evaluation etc. should be established respectively. After abstracting, transferring and updating the scattered information, an integrated, stable and reliable database center shall be formed by collecting these scattered data. Then inquiry, analyze and mine the credit history record to develop the data application in depth and breadth. A new data flow of credibility is formed by this way to realize the pre-treatment of transaction data.

Mine the data of transaction credibility. After establishing the complex database of E-commerce and credibility, it is feasible to mine the data based on this database. In accordance with the analysis of the original data flow, combining the established credibility database to create a relevant mathematical model by adopting the association rules, statistical analysis, neural network, fuzzy clustering and Bayesian forecasting etc. data mining. Then analyze and treat the data based on this model for providing the reliable credit evaluation and credit grade for users, meanwhile loading the credibility result in this transaction into the credibility database for next reference.

Construct the credibility platform model. Integrate, seal and install, load the application script of client terminal into web browser. If the purchaser wants to engage in E-commerce transaction, it would be convenient for purchaser to inquiry the credibility database of seller, commodity and after service etc. information. According to the result data mining from credibility database, it is helpful to decide the transaction for purchaser. On the contrary, the seller also can get credit data of purchaser from this platform. So it also is helpful for seller to decide whether to cancel the transaction to reduce the loss.

#### **3.3. Improve related policy and statute**

Compared with western countries such as America and EU, the legislation of our e-commerce is somewhat lagging. Therefore, the system of e-commerce law must accord with china's specialties and gear to international standards. The new e-commerce statute must have regulated process and actions, ensure the equity and security of business, make clear delimitation on responsibilities and improve the supported policies, regulations and statutes.

The existing trade law of china is based on the traditional paper trade. Many regulations of it are inapplicable to e-commerce. It will bring many insurmountable obstacles to the development of e-commerce. To ensure the development of e-commerce, with regard of the problems related to networks management, information security, finance settlement, the protection of intellectual property rights, we should quicken the speed of amendment in

present law, build and improve the supported policy, regulation and statute. To ensure the innovation of e-commerce system, our legislature and administrative department should strengthen the system construction on legislation. By making scientific network economy policy and statute we can establish regulations of e-commerce market under the new pattern of society system.

### **3.4. Expedite technology construction of network information**

Technology problem is a common problem confronted by various countries as they develop e-commerce. Our power on technology study is comparatively weak, so the solution of this problem is exigent for us. Developing international trade by e-commerce has involved international business and economy, and related departments and industries of bank, tax, custom, foreign exchange and insurance. The spread of e-commerce also relies on those industries and departments. The application of e-commerce not only predicates the revolution brought by information technology, but predicates a complete revolution in two areas-system and technology. If we merely make e-commerce with application of software, and there is no change on present framework, management system, and business process. It is common for us confront the resistance of people who have used to their custom and people who have vested interests. Then, this method would be meaningless and unworkable.

### **3.5. Build favorable implementation platform**

The method to expedite the construction of internet fundamental facilities is: first, build equal and openly market competition mechanism. The development of internet is very slow in countries monopolized by telecommunication industry. And the spread speed of e-commerce has a close relationship with the price of internet utility. Second, put the development of computer information network which mainly requires internet technology at the first place, and make preparation for the transition of high-speed information networks. Third, contrive the study plan which combines computers with communication. We must take effective policies, increase investments on internet fundamental facilities, regulate competitive action of internet fundamental facility service providers, and provide more favorable network fundamental environment for medium-sized enterprise.

### **3.6. Pay attention to customer relationship management**

E-commerce can provide customers with a wide range of online services in a timely manner. Customer relationship management plays an important role in international trade activities. This is because every business is based on good customer relationships. Good customer relation-

ship management can help import and export enterprises seize market opportunities. This will not only help the trade of existing products, but also win the loyalty of customers. After the implementation of e-commerce, import and export enterprises can use the network and computer to build various data. This creates a long-term, close, one to one relationship with the customer at a very low cost. This provides better customer service and better customer satisfaction. The key to the success of customer relationship management is to provide customers with a wide range of online services in time. According to each customer's special needs, import and export enterprises should provide them with personalized, professional, comprehensive online services, so that customers more satisfied.

### **3.7. Increase the cultivation of talent and devotion of capital**

Lay great store on importing and fostering e-commerce talent. Nowadays, for lack of power, several of departments and industries' information has not apply electronic IT. And without that e-commerce is only theoretic. Thus, in order to quicken the build of e-commerce. We should by all means cultivate, import and make good use of a set of experts who have high attainments, reasonable level and expert in professional network, computer and its management.

State should encourage education department popularizes network knowledge among students. In some school, especially department or college of economy, commerce, computer in some universities, it is necessary to open the professional course of internet, e-commerce and so forth. To adapt to the demand of society, we should add the course of e-commerce to much more schools and cultivate inter-disciplinary talent with high attainments. At the same time, facing the security problem of e-commerce, related departments of government must organize the related enterprise and research departments to constitute security technology, and cultivate technologic talent.

E-commerce talents include not only the e-commerce technologic talent, business talent, but the managing talent of various levels. China has a great short of managing talent. In fact the development of e-commerce is an effective combination of business management, business action and modern information technology. Thereby, it should be the same aim for university, enterprise and government, that is, no matter we foster people engage in the management of e-commerce or the e-commerce action, they are both the inter-disciplinary talents who have commerce theory and practice, and still, they are good at the application of electronic device.

With the innovation of e-commerce technology and the advancement of integration rate, e-commerce in enterprise will develop further and the new generation of e-

commerce which replaces presently the simply method relies on "e-mail & website" will emerge from water. E-commerce enterprise will transfer from the primary shape as online store and gate to extend enterprise's core business process and the management of client relationship on line. These changes make the products and service more close to clients' demand. Communicate with clients and information real time exchanges have become the common characteristics of enterprises. Network will become backbone nerve of enterprise source plan, supply chain management. Enterprise will establish a new value chain that joins up benefits of new and old, up and down. With this chain enterprises will form a highly active strategic alliance to seek of greater interests.

### 3.8. Focus on shaping influential online brands

In the increasingly fierce competition in the international market, the role of brand has become very prominent. Brand popularity directly influences the grade and price of import and export commodities. The role of network brand is to direct the customer into the enterprise website. It is an important weapon to attract visitors' attention. The Internet has a huge amount of business information. Businesses rely on Internet brands to select trading partners. Consumers rely on Internet brands to choose satisfied goods. If you do not attract public attention and get customer favor brands can only be submerged in the vast sea of the internet. Therefore, the key to import and export enterprises' successful implementation of e-commerce strategy is to focus on shaping the influential network brand. The formation of network brand must be carried out online and offline. In online publicity, we use e-mail and online forums to distribute corporate brands. Under the net propaganda, we mainly use a variety of traditional media, such as television, radio, newspapers, and magazines in the target market. These evoke trade partners' attention to online brands.

## 4. Conclusions

The rise of e-commerce and internet trade is a deep business revolution in the area of international trade. With the development of e-commerce, enterprise has broken the district, or even the country limitation. With e-commerce enterprise could step into the world and provide strong impetus. In this transformation, world economic structure has an important adjustment, world market has constructed renewed, and the international trade method has deeper and deeper innovation. To every country all these factors could produce deep influence. China, as the largest developing country, has confronted the same opportunity and challenge as other developing countries. For more effectively participate in the competition of international market, and for gaining much more benefit, we should pay highly attention on the developing trend of

internet trade, study and explore the developing regulations of internet trade and the influence these regulations made on the international trade. We should take active countermeasure and method, foster enterprise's innovation mechanism and international competitive power. For doing all these we can win the advantage and initiative, and thus sustain our international trade develops healthy and rapidly in scale and quality.

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