Study on the Impact of E-commerce on China’s Foreign Trade Environment

TANG Haiyan
Shanghai Lixin University of Commerce, P.R. China, 201620
woofeng@16888.com.cn

Abstract: In the economic and information globalization, the development of e-commerce has great influence on international trade environment. The economic globalization and the new economy is changing China’s economic environment and influencing all aspects of world trade. The trade and transactions in the form of e-commerce at home and abroad create huge market opportunities for global enterprises. Since China is in the transition period after its accession to WTO, it has to further reduce tariffs and expand the opening of the market according to the protocol. With the improvement of the market environment, China will certainly provide more market opportunities for domestic and foreign enterprises and the development of e-commerce.

Key words: globalization, e-commerce, international trade, environment, innovation

1 Introduction

The rapid development of modern science and technology (S&T) revolution provides a solid technical foundation for modern international trade. The science and technology revolution after World War II not only promotes the development of international trade but also provide solid technical foundation for modern international trade innovation. In fact, the increasingly widespread use of electronic data exchange, the launch of “information superhighway” program in the world, the development of international service products and trade, are the foundation and the important components of modern international trade innovation. The relative peaceful international environment after World War II brought a rapid development for international productivity. The development of international productivity has directly promoted modern international trade innovation, which will further promote the growth of modern international productivity. Therefore, modern trade should be innovated in the aspects of concepts, systems and policies.

21st century is an information era. The proportion of tertiary industry in all countries keeps rising, especially the service industry. Information service industry has become the leading industry in 21st century, which leads to the development of e-commerce. Affected by global informatization, e-commerce in all countries is improving. It has become the focus for all countries and major companies. In China, because of the popularity and development of computer and network technologies, e-commerce develops quickly. Many information technology enterprises, venture capital firms and manufacturing enterprises have started to use e-commerce.

2 The Direction of China’s Foreign Trade Innovation Pattern: E-commerce

E-commerce includes two aspects. One is in an electronic way, and the other is commercial trade. Generally speaking, it refers to the commercial trade conducted with electronic information, network and other electronic means. Broadly speaking, e-commerce also includes all the electronic operations within government departments and agencies, enterprises and institutions. E-commerce can be regarded as a modern commercial and administrative method which can meet the needs of government organizations, manufacturers and consumers to lower costs by improving the quality of products and services. It can also support decision-making by speeding up the information exchanges through computer network. E-commerce includes all kinds of social activities conducted in the electronic way. With the development of information technology, the content of e-commerce has been extended and expanded. E-commerce will become the core of the information world as well as the development of network, which has an unpredictable prospect. E-commerce will be a new structure of economic trade in
21st century. The development of e-commerce has a strategic significance in implementing national strategy to promote industrialization and enhance national competitiveness.

With the rapid development of economic globalization and information technology industry, e-commerce will become the focus for future information exchanges. China’s e-commerce is still in its early stage. Though there are many problems concerning systems, technologies and management, China has taken a promising step. In the process of shifting to the information economy, traditional commerce has many drawbacks and cannot adapt to the existing trade environment. E-commerce, as a direct result of the maturity of internet technology, is the new direction for future commercial development. E-commerce is open, global, regional, low-cost and high-efficient. It not only need to accord with the requirements of the commercial economy, but also exceeds all the values. It has not only changed the production, operation and management of enterprises, but also impacted traditional trade pattern. The most obvious is the increase of trade opportunities, the reduction of trade cost and the improvement of trade efficiency. It has promoted the reform of economic structure. Therefore, China has to face challenges and opportunities brought by e-commerce and keep up with the rapid pace of e-commerce. China should develop e-commerce and adopt its own measures to take the initiative in the future competition and stand at the same starting line with developed countries.

3 The Impact of E-commerce on China’s Foreign Trade Environment

E-commerce can change international trade environment. The application of e-commerce technology accelerates goods declaration, commodity inspection, insurance, transportation, tax returns and sales, etc, which directly simplify the process of international trade and provide the most economical and fastest ways for enterprises to enter the international market. Meanwhile, the application of e-commerce in international trade can lower the circulation cost and shorten the cycle of international trade and the circulation time of transnational commodity. The e-commerce system with computer, network, software and other information technologies need provide a possibility to reform traditional trade by information technologies, which create a relatively complete and efficient market environment for international trade. The traditional operation pattern of trade is mainly based on one-way logistics. The electronic trade is based on logistics, targeted at information flow and aimed at commercial flow. Meanwhile, the adequacy and accuracy of online information have reduced the asymmetry of the supply and demand in international trade, so the “adverse selection” and “moral hazard” in the transaction market has reduced, which is favorable for the development of the world free market. In a word, the rapid development of e-commerce is changing the market environment of the whole world and forming a “21st century market”. The information technologies have improved the productivity and also greatly impacted the modern market model.

In the economic and information globalization, the development of e-commerce has great influence on international trade environment. The WTO, as the pillar of international free trade, has paid much attention to e-commerce. On one hand, trade liberalization advocated by WTO has greatly promoted the development of e-commerce. On the other hand, the development of e-commerce contributes to the global trade liberalization. E-commerce is the trading platform based on internet and can realize trade globalization. International trade has introduced the electronic trade media that can work like currency, which breaks the “point-to-point” simple interactive mode to achieve the “point-to-area” and “many-to-many” multilateral trade.

In the transitional period after China’s accession to the WTO, e-commerce plays an important role in changing trade environment and constructing the trading opportunities platform. E-commerce is the platform for global free trade. E-commerce provides a larger market for every enterprise in the world. The international trade is the basis for economic globalization, and e-commerce is the tool to open the global market. It is certain that developed countries try to master e-commerce and spread it to the whole world. They should promote e-commerce liberalization. EDI, internet, e-mail have become the transaction tools of trade. The settlement, transfers, credit and other services in international trade depend on the online banking system. The rapid construction of enterprise information system around the world and the EDI data exchange make the contact among cargo business, buyer’s business,
shipping companies, port enterprises and customs more efficient. The construction of e-commerce platform can be promoted by network technologies. It is significant to form information-sharing system, lower transaction cost and expand the international trade business. Moreover, GPS and other advanced technologies can be introduced to improve the value-added services. E-commerce has increasingly played a prominent role in international trade of industrial products. With the development of international trade after the accession to the WTO, more and more manufacturers participate in the global trade. With the expansion of China’s strategy to promote the industrialization, there will be a large number of enterprises or companies involved in the area of e-commerce. E-commerce directly promotes the development of international services trade. Most of the service industries are related to information, and their trading process is the process of information transmission and exchange, such as international financial information services, foreign legal service, accounting, and international technology cooperation, etc. After the transition period, China should open more and more services industries to expand the scope of international services trade. Finance, advertising, accounting, design, legal services, technology consultancy, data processing, culture, entertainment, education, medical care and other businesses can be conducted on the internet. The import and export trade will obviously increase and the business contact at home and abroad will become more and more frequent. Meanwhile, e-commerce is also the platform for Chinese enterprises to take part in the international production system. International marketing network and supply chain can be created by e-commerce, which will strengthen the basis of international trade and increase the number of participants. Manufacturers can participate in international production system by e-commerce to promote growth and improve competitiveness. Chinese government should encourage the competent enterprises to enter the international production network through e-commerce. China should make use of WTO’s multilateral and regional economic cooperation opportunities. For example, in the process of opening the market, more and more foreign enterprises invest in China. If Chinese enterprises can seize these opportunities to engage in the supporting production, it will be helpful for them to have the necessary experience for their development. Chinese government will attract the investments mainly through preferential investment conditions. Meanwhile, the functions of the government should be changed For those enterprises which already entered the international production system through e-commerce, Chinese government should encourage them to upgrade technologies. For these enterprises, what should be concerned is how to use the system to acquire technology experience in production management and get rid of the reliance on transnational corporations to create their own brands. They should not only increase the opportunities to find a new market, but also strategically identify the industrial development direction and provide support for them to apply national innovation systems. E-commerce and information system strategy is the platform to increase enterprises’ international competitiveness. The e-commerce helps policy-making, implementation and operation, leading the enterprise to face to the globalization. E-commerce is necessary for enterprises to survive in competitions. For domestic enterprises, the pressure of economic globalization and new technologies force domestic enterprises to upgrade their competitiveness to the international standard. The development of e-commerce will allow many enterprises to establish the transaction systems in the international market where they can compete with major enterprises. E-commerce is also the platform for enterprises to improve trade capability. Enterprises can collect related information by the system, advertise their images and products by internet, apply the latest business intelligence software to help analyze the current market environment and identify risks and ensure to make informed decisions in the ever-changing environment. Meanwhile, e-commerce is the effective means for enterprises to deal with “anti-dumping” and “anti-subsidy”.

4 Conclusion

China’s e-commerce is bound to open to the world. But meanwhile, there are serious challenges from the powerful competitors in e-commerce. The biggest advantage of internet is that it can transcend time and space constraints, and efficiently break the visible and invisible barriers between countries and regions, which can promote the exchanges between countries and regions, including economy,
technology, capital, and information, etc. E-commerce will effectively stimulate foreign trade. Therefore, Chinese e-commerce enterprises will open to the world with improved and standardized international e-commerce environment. Chinese enterprises can change the backward disadvantages to backward advantages. E-commerce creates a golden opportunity for small and medium scale enterprises to explore the international market, utilize various domestic and foreign resources. Meanwhile, foreign e-commerce enterprises will strive to open up the Chinese market. With China’s accession to the WTO, these barriers will be gradually eliminated. The economic globalization and new economy have changed Chinese economic environment and influencing all the aspects of world trade. The trade and transactions in the form of e-commerce at home and abroad create huge market opportunities for global enterprises. Since China is in the transition period after its accession to WTO, it has to further reduce tariffs and expand the opening of the market according to the protocol. With the improvement of the market environment, China will certainly provide more market opportunities for domestic and foreign enterprises and the development of e-commerce.

5 Acknowledgement

I am grateful for the supporting by the Shanghai Key Discipline Construction Item (Second Stage, Project No.P1601).

Reference