

Analysis of the Application of Digital Trade in International Business

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Abstract. In today's world, information technology is becoming more and more widespread, and with it comes ever-deepening digital trade and internationalised commerce. As a brand new form of trade, digital trade is gradually changing the development pattern of international business. This paper argues that digital trade has an important impact on the development of international trade. But at the same time, the development of digital trade has also posed challenges to international trade. For example, trading entities will face intellectual property issues. Consumers have to worry about cyber security issues, etc. To solve these problems, countries should strengthen international cooperation, actively carry out exchanges in the field of digital trade, promote technology research and development, and promote the balanced development of digital trade. In addition, countries should invest more in technology research and development and personnel training to improve technology and enhance competitiveness. This paper argues that paying attention to digital trade and taking measures to ensure its development can promote the process of economic globalization.

Keywords: Digital trade, international business, international trade.

1. Introduction

With the continuous advancement of the globalisation process, digital trade has become an important part of international trade and plays a crucial role in global economic development. However, the traditional way of international trade can no longer meet the needs of today's society in terms of efficiency and convenience. Therefore, the combination of digitalisation and international trade has become an inevitable trend. Digital trade refers to trade activities conducted through digital technologies, including online sales, e-commerce, cross-border data transfers, etc. This paper will study the current status of the application of digital trade in international business, the problems it faces and the possible solution strategies, aiming to provide theoretical support and practical reference for the development of global digital trade.

2. The Development and Application of Digital Trade

2.1. Development History and Current Status of Digital Trade

With the rapid advancement of Internet technology since the 1990s, digital trade has emerged as a novel form of international trade. It has evolved from basic email communication and file transfers to encompass e-commerce, online retailing, and diverse digital services across various sectors. Over the past few decades, digital trade has progressed through significant stages. The first was the spread of the Internet and the building of infrastructure in the 2000s, which provided businesses and individuals with new methods of communication. Secondly, the rapid growth of e-commerce and online retailing over the decade provided consumers with convenient shopping channels. Finally, the rise of digital services and the spread of cross-border data transfers to the present day have led to the further lowering of trade barriers and increased trade facilitation.

Currently, digital trade holds a prominent position in international commerce with particular emphasis on digital service trade. According to statistics from the United Nations Conference on Trade and Development (UNCTAD), digitally-deliverable service exports reached \$3167.59 billion in 2020 alone—accounting for 63.55% of all service exports or 17.98% of total global exports [1]. Moreover, since 2010 there has been a consistent increase in internet penetration rates worldwide [2].

This indicated how digital trade not only transforms traditional business models but also injects new vitality into global economic growth.

2.2. Main Areas of Application of Digital Trade in International Commerce

Digital trade has a wide range of applications in international commerce, including cross-border e-commerce, cross-border data transfer, online payments, etc. These applications not only reduce trade costs and improve trade convenience but also provide new opportunities for global economic development. With the development of Internet technology, more and more enterprises and individuals are choosing to buy and sell goods through cross-border e-commerce platforms, enjoying its advantages of convenience and low cost. For example, China's shopping software Jingdong has achieved the fastest 1-day delivery of local parcels in many European countries, Ali's international website has officially launched the foreign trade AI product "Business Assistant", and China's Ministry of International Commerce has said that from January to September this year, the import and export volume of cross-border e-commerce reached 1.7 trillion yuan, up 14.4% year-on-year, accounting for 5.5% of the proportion of import and export volume of the trade in goods in the same period. 5.5 per cent of the proportion of imports and exports in the same period. Cross-border e-commerce has become one of the important channels of international trade [3]. This not only reduces the waste of resources but also increasingly becomes a new engine of economic development.

Online payment refers to the fund settlement service through the Internet. With the growing popularity of electronic payment technology, consumers and businesses are increasingly choosing online payments that improve efficiency while ensuring security. Payment methods such as WeChat and Alipay are becoming increasingly common, and people rarely carry cash with them, which provides greater convenience for travelling.

2.3. The Impact and Value of Digital Trade on International Commerce

With the popularity of online shops, users can compare the quality and price of goods from different merchants on online platforms, which can reduce trade barriers, so digital trade not only injects new vigour into the development of international commerce but also helps to promote the prosperity and development of the global economy.

Firstly, digital trade reduces trade costs. According to the e-commerce platform, units and individuals can easily realise cross-border transactions, avoiding some intermediate links in traditional trade and reducing transaction costs. In addition, digital trade helps enterprises better understand market demand and consumer behaviour, achieve accurate marketing and improve market competitiveness.

Secondly, digital trade improves trade convenience. For example, the development of digital technology makes traditional international trade to paperless trade. Paperless trade does not rely on paper in the traditional sense, so trade digitally shortens the time and improves the efficiency of the operation reduces the chances of making mistakes and simplifies the trade process [4]. Through Internet technology, enterprises and individuals can conduct international trade anytime and anywhere, breaking the limitations of time and space, and achieving fast and accurate trade statistics and supervision.

The development of digital trade promotes the integration and optimisation of the industrial chain, giving rise to many new industries and business models, and bringing new opportunities for the development of international business. In addition, digital trade helps to promote the prosperity and development of the global economy and achieve mutual benefits.

3. Problems of Digital Trade in International Commerce

3.1. Challenges Facing Digital Trade in Trade

The development of digital trade in trade faces several challenges, such as cross-border taxation and lack of protection of intellectual property rights. These challenges constrain the development of digital trade and affect the smooth running of international trade.

Cross-border taxation is the problem of internationalised digital trade and differentiated tax regimes, which leads to tax leakage and tax unfairness. Nowadays, the purchase of digital products and services can be realised based on the Internet, and the transaction links of the business model are all virtualised, so it is impossible to determine the nature and form of income under the traditional model, so it is difficult to draw a clear line between the income of enterprises and royalties, which results in difficulties in qualification, and at the same time, it is also difficult to apply the rules for the classification of income in the new industry and new model [5].

Intellectual property rights may face the risk of infringement in digital trade. If intellectual property rights can be fully protected, they will play a significant role in stimulating mass innovation and maintaining market order, and fully protecting intellectual property rights can better ensure the uniqueness and originality of works and stimulate mass creativity.

3.2. Challenges Facing Digital Trade on the Consumer Side

Possible risks to digital trade on the consumer side include cybersecurity issues, consumer rights protection, etc. These risks not only affect the healthy development of digital trade but also threaten the normal conduct of international trade.

The digital economy has generated several super platforms, which are essentially mega-platforms of the market, i.e., a huge virtual space is created and a large amount of personal information is aggregated within this space [6]. The cybersecurity issue refers to the risk that personal information may be exposed to leakage, theft and destruction of company data in the course of digital trade. One of the essential attributes of digital trade is virtualisation, which can be summarised as the virtualisation of elements in the transaction process, and the virtualisation of transactions, i.e., the transmission of virtualised digital products and services [7]. Network security issues will not only affect the normal conduct of digital trade, but also may threaten national security, so this issue deserves attention.

Consumer protection refers to the fact that in digital trade, consumers may face problems such as merchants' false propaganda and misrepresentation of goods. This will reduce consumers' trust in e-commerce platforms and may lead to a decrease in consumption frequency, which is not conducive to the development of international commerce. In conclusion, digital trade has become an important part of international trade, but it also faces many challenges.

4. Suggestions

To solve the problems faced by digital trade in international business, this paper puts forward suggestions for strengthening international cooperation, perfecting laws and regulations, and improving the technical level. It is intended that these measures will solve the above problems, promote the healthy development of digital trade and provide strong support for international trade.

4.1. Strengthening International Cooperation

First of all, strengthening international cooperation is the key to solving the problem of digital trade. Nowadays, most of the trading activities carried out under big data are characterised by virtuality and concealment, so it is necessary to establish closer international cooperation between various countries [8]. Countries should strengthen exchanges and cooperation in the field of digital trade, actively participate in the activities organised by international organisations, and promote the reform of the international tax system to achieve a reasonable distribution of taxes. In addition, some

countries will adopt trade protectionist policies to protect their industries, which will not only affect the normal conduct of international trade but also may lead to the shrinkage of the scale of digital trade, which threatens the development of the global economy. Enterprises should comply with the tide of globalisation, promote globalisation and advocate multilateralism to solve all kinds of problems in global data governance [9].

4.2. Improve Laws and Regulations

Secondly, improving laws and regulations is the basis for guaranteeing the development of digital trade. Differences in laws and regulations among countries in digital trade will make the rights and interests of consumers not well protected and tax problems not solved. To deal with these problems, governments should formulate laws and regulations that are in line with international standards, and establish a sound contract management system, import and export business operation system, safety and health management system, and related technical personnel management system [10]. At the same time, the government should also strengthen the supervision of digital trade, maintain the market order, regulate the network behaviour, and vigorously combat infringement and enterprises should improve the quality of products and services to protect the legitimate rights and interests of all parties.

4.3. Upgrading Technology

Finally, upgrading technology was an important means of promoting the development of digital trade. For example, there is a large gap between developing and developed countries in terms of Internet infrastructure, technological innovation and application, which exacerbates the imbalance in the development of digital trade. Therefore, to narrow the digital divide, countries should increase investment, enhance Internet penetration and their technological level, cultivate digital talents and strengthen the competitiveness of digital trade. For example, to deal with the tax problems mentioned above, the decentralisation, openness and transparency, as well as the non-tampering of information and other characteristics of blockchain, will shine in the field of taxation, which is of great significance in promoting the improvement of the international tax system [8].

5. Conclusion

This paper answers the research question by analysing the current status of the application of digital trade in international business, the problems faced and the solution strategies. Digital trade has become a new trend in the development of international trade, and its application in international business will become more and more extensive. Although digitalisation brings great convenience, it also has corresponding disadvantages. Firstly, in terms of trade, the virtualisation of the transaction chain makes it difficult to achieve fair taxation and intellectual property rights cannot be adequately protected. For consumers, network security has become a major hidden danger, information leakage, hacking and other problems often occur, product quality varies, and the basic rights and interests of consumers are also difficult to get a good guarantee. Overall, the combination of digitalisation and international trade has brought unprecedented development opportunities for international trade, but also some challenges. In this process, countries should seize the opportunities, actively address the challenges, promote the healthy development of digital trade, accelerate economic transformation and upgrading, and provide strong support for international trade competition. In the future, countries need to pay more attention to the development of digital technology and ensure the security and stability of digital international trade by improving relevant laws regulations and technical means.

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