

Study on the Impact of Cross-border E-Commerce Development on China's Service Trade Exports

Ting Zhu *

School of Economics&Management,Nanjing University of Science&Technology, Nanjing, China

* Corresponding Author Email: 1379990642@qq.com

Abstract. Service trade is an important part of China's foreign trade, which plays a significant role in optimizing our trade structure and accelerating the upgrading of our export trade. As a new engine of foreign trade growth, cross-border e-commerce is beneficial to improve the scale of China's service trade, optimize the structure of service trade and enhance the overall competitiveness of emerging service trade. The application of China's cross-border e-commerce in the field of service trade is still in the exploratory stage, facing problems such as insufficient demand, many differences in rules, imperfect statistical and regulatory system and international trade protectionism. In order to promote the reform of the development mode of service trade, specific suggestions are made in the following aspects: creating a favorable environment for the development of cross-border e-commerce and service trade, encouraging service trade innovation in cross-border e-commerce transactions, actively participating in the formulation of trade rules and improving the international competitiveness of export-oriented enterprises.

Keywords: Scale of service trade; Export of service trade; Cross-border e-commerce.

1. Introduction

Cross-border e-commerce, as a new trade form, has been developing rapidly in recent years. It refers to the trading activities that trade entities belonging to different countries or regions transact commodities through e-commerce platforms, including cross-border e-commerce B2B, cross-border e-commerce B2C and other forms. It can be said that the rapid development of cross-border e-commerce is reshaping the global trade system.

Meanwhile, China's service trade started relatively late, it has developed rapidly. China's service trade has been in deficit for a long time, with services trade exports much lower than service trade imports. Therefore, China should not only pay attention to the expansion of the scale of service trade, but also consider the upgrading of the export technology content of service trade, so as to optimize the structure of service trade and speed up the upgrading of China's service trade.

Under the "dual circulation" development pattern, China keeps increasing the breadth and depth of opening to the outside world, and foreign trade has gradually begun to transform from trade in goods to trade in services. As a new engine of foreign trade growth, cross-border e-commerce is beneficial to improve the scale and efficiency of service trade, optimize the structure and level of service trade, and enhance the overall competitiveness of emerging service industry. To conduct in-depth studies on the impacts and problems of cross-border e-commerce on service trade, analyze the new situation of cross-border e-commerce in promoting service trade and put forward relevant policy recommendations, it is of great significance to promote the high-quality development of service trade and improve the "Big but not strong" status quo of our country's service trade.

The content of the follow-up study is as follows: the second part reviews the research of cross-border e-commerce and service trade at home and abroad in detail; The third part expounds the present situation of cross-border e-commerce and service trade in China; The fourth part analyzes the problems and opportunities of cross-border e-commerce in promoting the development of service trade. The fifth part systematically analyzes the mechanism of cross-border e-commerce affecting service trade. The sixth part summarizes corresponding policy recommendations.

2. Related Literature Review

Cross-border e-commerce is an industry with comparative advantage in the field of digital economy. Scholars focus on its relationship with goods trade, from the following aspects: First, the retail characteristics of cross-border e-commerce. Feng Yanjie & Qi Jiayin (2019) point out that cross-border e-commerce has the new features of small-scale, high-frequency and multiple subjects. Second, the issue of statistical monitoring of cross-border e-commerce. Li Zhiyuan & Liu Dan (2022) argue that cross-border e-commerce is filled with a large number of small and medium-sized sellers with the characteristics of multiple purchases in small quantities, the data generated by cross-border e-commerce trade has shown explosive growth, which leads to the explosive growth of data generated by cross-border e-commerce trade, the difficulty in coordinating the speed of customs clearance with the efficiency of supervision, and the opaque information of "overseas warehouse" mode. Third, trade facilitation. Wang Junjuan (2021) found that the export effect of trade facilitation of cross-border e-commerce was stronger than the import effect. Cross-border e-commerce is based on interconnection, which requires the use of Internet platform or communication technology to reduce trade information asymmetry. In addition, the academia also focus their research on cross-border e-commerce and supply chain logistics synergy.

As the importance of service trade to a country's economy becomes more and more obvious, scholars focus on the export of services. This paper mainly analyzes it from the perspective of influencing factors. On the foreign side, Anderson (2004) points out that space distance does affect the efficiency of international trade in services. Internet technology can solve this problem well, but if government departments restrict it too much, the reduction of the free degree of service trade will hinder the promotion of the scale of service export. Domestically, Wang Yuanbin et al (2015) found through empirical analysis that six factors, including the proportion of added value of the service industry in GDP, the proportion of employment personnel in the service industry, service openness, service GDP, national resident final consumption expenditure and foreign direct investment, have important impacts on service trade. Yu Jiangdong & Hu Jiakan (2020) adopted the Saguere model and argued that the current unstable telecommunication and computer service mechanism should be driven by the upgrading of human capital, so as to optimize the output of service trade and drive its export.

Although there are abundant literatures on cross-border e-commerce and service trade respectively, the research on the relationship between cross-border e-commerce and service trade by domestic and foreign scholars is still in the early stage, and there are not many relevant references. According to Lin et al (2020), the popularity of the Internet has made many services difficult to provide under the traditional business model become tradable, and the category of service trade has been enriched and expanded to a great extent, it has given birth to the rapid development of knowledge-intensive service trade, such as online health care, distance education and transnational consulting. Zhu Xianqiang et al (2020) considered that cross-border e-commerce plays a good role in promoting the growth of our service trade scale. But there are still many weaknesses in the development of cross-border e-commerce for China's service trade.

Generally speaking, although the above-mentioned studies have done some research and analysis on cross-border e-commerce and service trade, but there are still the following problems: First, the role of cross-border e-commerce is limited to the field of goods trade, and the import and export of cross-border e-commerce is simply regarded as the Internet upgrade of the traditional trade mode. Second, the exploration of the relationship between cross-border e-commerce and service trade is too simple, which is only considered as a new trade form. Based on this, this paper starts with the specific impact of cross-border e-commerce on service trade, including existing problems and opportunities. And proposes feasible countermeasures for cross-border e-commerce to promote the development of service trade.

3. Analysis of the current situation of cross-border e-commerce and service trade in China

3.1. The current situation of cross-border e-commerce development

First, the scale of cross-border e-commerce has expanded significantly. In 2022, China's cross-border e-commerce transactions about 2.11 trillion yuan, an increase of 9.8% year on year. Judging from the trend, in the future a long period of time our cross-border e-commerce still has a larger growth space. From Figure 1 the status of cross-border e-commerce trade in China's import and export trade has been significantly enhanced.

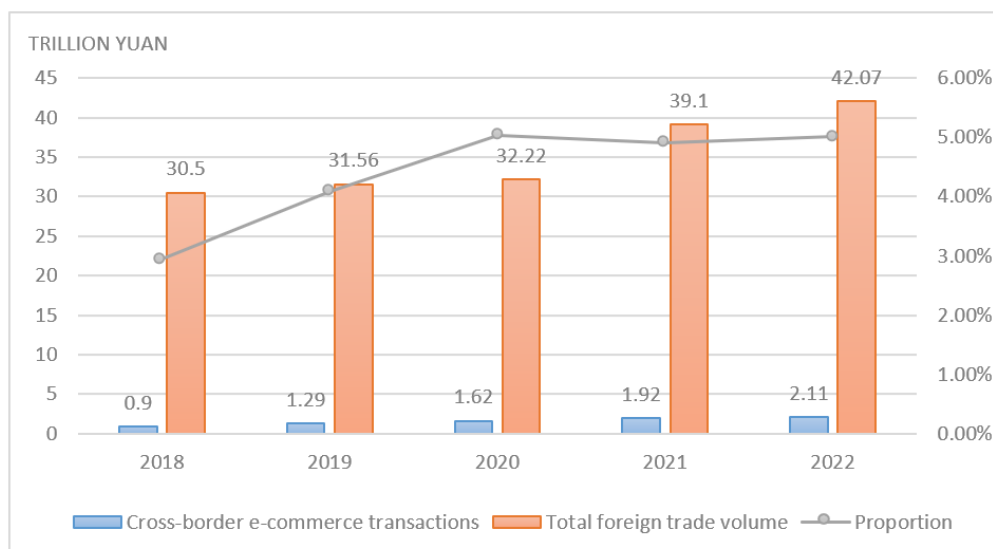


Fig 1. The proportion of cross-border e-commerce transactions in China's total foreign trade volume

Second, cross-border exports have always been the dominant force. The cross-border e-commerce trade structure of our country always takes the cross-border export as the main force, and the proportion of the cross-border export trade scale to the cross-border e-commerce trade scale is basically maintained at about 72%. But in China's foreign import and export total amount, although the foreign export proportion is higher, the export and the import proportion is relatively balanced. China's cross-border exports dominate, mainly because of the rapid expansion of our overseas markets under the export-oriented trade pattern, at the same time, a number of domestic industry policies have also helped promote the local enterprise commodities "Going out".

Third, the scope of cross-border trade continues to expand. Most of the top ten countries and regions which have the closest economic and trade relationship with China in traditional trade are located in East Asia and Southeast Asia, which are our close geographical neighbors, the development of cross-border e-commerce seems to have broken through this geographical limitation. China's cross-border e-commerce exports mostly to developed countries in Europe and the United States, where e-commerce development level is higher, logistics and other supporting facilities are more complete, residents' consumption capacity is stronger.

3.2. The current situation of service trade development

First, the scale of service trade has grown significantly. In 2022, the total value of China's service trade imports and exports was 5.98 trillion yuan, up 12.9% compared with 2021. The scale of our service trade in 2022 increased nearly threefold compared with 2012. The deficit in service trade rose first and then fell. Since 2012, the deficit of China's service trade has experienced a trend of first obviously enlarging and then gradually narrowing. In 2018, the deficit reached a peak of 1708.6 billion yuan, an increase of 240% compared with 2012, and then narrowed year by year, in 2022, the trade deficit was 275.7 billion yuan, down 519.7% compared with 2018. The reduction of the trade deficit is conducive to the optimization of China's service trade structure.

Second, the structure of service trade is obviously polarized. Overall, the growth of the trade deficit has slowed slightly, but the deficit has continued to grow because total exports have remained stagnant for a longer period relative to total imports. The share of telecommunications computer and information services, transport, construction, tourism and other business services has been high in terms of the specific industry structure of services exports given in Table 1. In recent years, the trade export structure of China is mainly composed of tourism items, and the sharp increase of the proportion of tourism items has squeezed out other items, under this background, the proportion of computer and information items is still gradually increasing, it highlights China's global supply capacity in digital technology.

Table 1. Specific industry structure of services exports

	Transport	Travel	Construct ion	Insurance and pension services	Financial services
2012	28.63%	36.80%	9.01%	2.45%	1.39%
2013	25.99%	35.66%	7.36%	2.76%	2.20%
2014	24.14%	27.80%	9.69%	2.89%	2.86%
2015	24.91%	29.02%	10.75%	3.21%	1.51%
2016	22.43%	29.46%	8.41%	2.75%	2.13%
2017	22.45%	23.47%	14.48%	2.45%	2.23%
2018	21.34%	19.91%	13.42%	2.48%	1.76%
2019	22.32%	16.73%	13.58%	2.32%	1.90%
2020	29.49%	8.74%	12.25%	2.79%	2.18%
2021	54.08%	4.94%	12.27%	2.25%	2.17%
	Charges for the use of intellectual property n.i.e.	Telecommunicatio ns, computer, and information services	Personal, cultural, and recreation al services	Other business services	
2012	0.77%	11.95%	0.09%	37.54%	
2013	0.61%	11.80%	0.10%	39.51%	
2014	0.43%	12.73%	0.11%	43.49%	
2015	0.70%	16.64%	0.47%	37.70%	
2016	0.77%	17.59%	0.49%	38.39%	
2017	2.88%	16.80%	0.46%	37.23%	

2018	2.81%	23.74%	0.61%	35.27%
2019	3.23%	26.11%	0.58%	35.56%
2020	4.54%	30.22%	0.66%	38.62%
2021	5.08%	32.71%	0.80%	39.78%

4. Problems and Opportunities

4.1. Problems of cross-border e-commerce for the development of service trade

Insufficient demand for cross-border e-commerce. By comparison, the top three services in the United States are insurance, finance and intellectual property, and the top three services in China are transportation, tourism and construction. The demand for cross-border e-commerce is not high, and the advantages of cross-border e-commerce can not be brought into play in the import and export trade of these services.

Rules constraints. The products of service trade are invisible, there are great differences in the rules of data localization and trade standards among countries, and the legal standards are also different, so the trade disputes are more complicated. More importantly, the cross-border trade in services may also bring about the problem of data flow, which is a big challenge for cross-border e-commerce platforms.

Inconsistent statistical system and imperfect regulatory system. At present, China's cross-border e-commerce is mainly based on the goods trade, and the data related to service trade statistics may be inconsistent. The service trade through cross-border e-commerce involves many intermediate links and long industrial chain. Without a unified approach, much information is difficult to count, which in turn leads to a lack of information-sharing and mutual recognition among regulators and makes it difficult to implement trade facilitation measures.

4.2. Opportunities of cross-border e-commerce for the development of service trade

Under the impact of the epidemic, the compatibility between cross-border e-commerce and service trade has been improved. Cross-border e-commerce platform enterprises "Stand out" in a timely manner, making use of their information and professional advantages, to build a "One-stop" trade platform system for service enterprises, it not only helps the service enterprises to open up the market, but also provides the support for the service enterprises to innovate the trade mode. With the rapid development of cross-border e-commerce in the world, enterprises must integrate global resources and establish a cross-border e-commerce full-channel supply model if they want to maintain their core competitive advantage in the international market competition, can obtain the advantage in the international market competition.

Cross-border e-commerce to promote the development of trade in services model is changing. After several years' development, our country cross-border e-commerce has already had the strong international competitiveness, has a large number of technologically advanced, the economic strength strong platform enterprise, has accumulated certain experience in dealing with the sudden risk, we are accelerating the reform of the mode of trade in services. With the rise of young consumers, the cross-border e-commerce industry has emerged live e-commerce, scene marketing, e-commerce content and other new ways to get customers, more in line with the needs of young consumers.

5. The Mechanism of the impact of cross-border e-commerce development on service trade exports

5.1. Expanding the scale of services trade

First, cross-border e-commerce has led to the diversification of service trade entities, making service trade entities rely on cross-border e-commerce platform to enter the inclusive competition stage. Second, the development of mobile internet technology has enriched the types of service trade. Mobile Internet technology has made many services that can not be serviced remotely under the traditional business model available for trade. It has driven the rapid development of knowledge-intensive service trade such as online medical care, distance education and transnational consulting. Third, cross-border e-commerce strengthens the long tail effect of service trade, meets the diversified needs of different consumers, and expands the international market of the tail end of service products.

5.2. Improving the efficiency of service trade

The greatest advantage of Internet transaction is to reduce the transaction cost of goods and services and improve the efficiency of service trade. In the process of service trade, cross-border e-commerce platforms can make use of their advantages in integration and services. On the one hand, they can aggregate the demand information of both parties to a transaction and reduce the Information asymmetry of the process of service trade. On the other hand, cross-border e-commerce platform can take advantage of the strong information technology and customs services advantages, increase transaction and logistics costs, so as to enhance trade efficiency.

5.3. Optimizing the structure of service trade

Although the structure of China's service trade is still dominated by traditional service trade, the export and import structure of China's service trade is undergoing the transformation from labor-intensive or resource-intensive services to knowledge and technology services. The trade object is gradually transforming from the low-end to the high-end, and the current stage is the key point of the middle-end service trade mainstream and the high-end service trade upsurge, more attention should be paid to the export of high-end services such as insurance and finance, computer and information.

5.4. Reducing barriers to services trade

Because of the intangible and high value-added characteristics of service products, they are more likely to face cultural disputes and political barriers in the export process. Service trade suppliers need not only analyze the economic situation, market demands and other objective conditions of trade partner countries, but also consider cultural traditions, consumption habits and even political environment of service importing countries. The development of cross-border e-commerce can effectively alleviate the cultural dilemma of service trade enterprises in export. Moreover, the feedback of the platform to other countries' institutions, cultures and laws is more timely and professional, thus effectively reducing the possibility of trade friction and improving the international competitiveness of China's service trade.

6. Policy Recommendations

Cross-border e-commerce has opened up a new path of innovative development for the development of China's service trade. It is particularly important to fully grasp this major opportunity and add new drivers to the development of China's service trade.

6.1. Create a favorable environment

On the one hand, clear policy expectations to encourage the development of cross-border e-commerce. The government departments should establish a long-term and stable regulatory

system, improve the laws and regulations in the fields of cross-border e-commerce and service trade. On the other hand, expand the scope of service trade openness, vigorously develop emerging service industries and promote the upgrading of producer services. Policies to promote high-quality development of emerging service industries will be introduced to create a favorable environment for the development of local service industries.

6.2. Encourage service trade innovation

First, in some areas to try first, summarize experience and then promote. Actively adopt the model of pilot projects, such as free trade zones at home, and focus on Belt and Road development abroad to expand new markets for service trade. Second, promote innovation in the integration of cross-border platforms and service trade. Depth mining services trade products with "zero contact" characteristics, such as telemedicine, online education, cloud services, big data analysis, to enhance the development potential of China's service trade.

6.3. Improve the international competitiveness of export-oriented enterprises

With the rise of digital economy, the rules of service trade will be restructured. We should base on the actual development of Chinese industry, consider the development trend of service trade and cross-border e-commerce as a whole, actively participate in multi-level and multi-field international rule-making. First, we should actively participate in bilateral and multilateral negotiations held by governments and international organizations. Second, we should give full play to the role of leading enterprises in the formulation of international trade rules. Encouraging leading enterprises to participate in the formulation of economic and trade rules is advantageous to enhance our country export-oriented enterprise's international discourse power.

References

- [1] Feng Yanjie & Qi Jiayin. Big Data-based Risk Monitoring of Cross-border E-commerce Import[J]. International Business Research, 2019, 40(06): 32-43. 2019.06.003.
- [2] Li Zhiyuan & Liu Dan. Difficulties and Solutions for the Construction of Cross-border E-commerce Statistical Monitoring System[J]. International Economic Review 2022(02): 160-176+8.
- [3] Wang Junjuan. Trade facilitation effect of cross-border e-commerce development in China: Based on the experience analysis of countries along the Belt and Road Initiative[J]. International Business Research, 2021(02): 70-73.
- [4] Anderson, J E, E VAN WINCOOP. Trade Costs[J]. Journal of Economic Literature, 2004, (42): 691-751.
- [5] Wang Yuanbin, Yang Lizhuo, Shao Yingxue. Empirical Analysis on the Influencing Factors of Service Trade in Emerging Market[J]. Scientific Decision Making, 2015(05): 47-59.
- [6] Yu Jiangdong & Hu Jiakan. Analysis on the sources of comparative advantage of productive service trade[J]. Modern Business Trade Industry, 2020, 41(14): 7-10.
- [7] Lin, Mi, Wang. Prediction on transaction amounts of China's CBEC with improved GM (1,1) models based on the principle of new information priority[J]. Electronic Commerce Research, 2020, 21(4): 125-146.
- [8] Zhu Xianqiang, He Peng, Hu Yulong. The Impact of Cross-border E-commerce on the China's Competitiveness of Service Trade and Proposal[J]. Economic Review Journal, 2020, 36(06): 109-114.