

A Case Study on the Impact of Chinese's Government Policies and Laws on CBEC

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Abstract: In recent years, cross-border e-commerce (CBEC) developed quickly and played a significant role of the development of Chinese foreign trade in China. CBEC stimulate the development of international trade and provides opportunities for companies to explore the international market, it also greatly improves the efficiency of foreign trade. China has formulated many policies and laws on CBEC, which have helped the development of China's CBEC. Most of these policies are related to import and export trade, customs supervision, and government's financial support. There are also some deficiencies in these policies and laws which need to be improved by the government in the future.

Keywords: cross-border e-commerce, E-commerce Law, public policies

1. Introduction

With the persistent development of information technology, CBEC also develops rapidly in China. CBEC has become an important part of Chinese import and export trade and it also affects the international trade between China and other countries. Due to the convenience brought by convenient payment methods and online shopping platforms, more and more conventional foreign trade has been transformed into cross-border ecommerce, and these CBEC transactions have promoted Chinese foreign export and import trade volume. With the rapid development of CBEC, the Chinese government has issued a series of policies on CBEC for convenient management in order to encourage the development of this emerging enterprise. These policies have promoted the development of CBEC. This paper will analyze the policies on CBEC and how these policies affect CBEC, discuss how to use relevant public policies to develop CBEC.

2. Literature Review

Yingying Ma analyzed the environment of CBEC and concluded that due to the influence of the global economic crisis in 2008, Chinese traditional foreign trade industry was affected, and the CBEC industry came into being. [1]. The high profits brought by CBEC and the development of a large number of payment platforms and e-commerce platforms, (For example Alibaba and Alipay) these factors accelerate the progress of CBEC. The policies on CBEC published by the Chinese government and the pilot zones set up for CBEC also support the development of CBEC.

Zhou Qing stated that the impact of the CBEC public policy on the development of CBEC from the perspective of China [2]. It analyzes how the Chinese government normalizes and promotes the

development of CBEC through policies and laws. Meanwhile, it analyzes the impact of the pilot CBEC on the regional economy through statistical data.

Wang Yang stated that the influence of CBEC on international trade from an international view [3]. This paper proposed that due to political and epidemic factors, traditional trade and China's foreign trade have been greatly affected, and CBEC has taken advantage of the convenience of logistics to stabilize the development of China's international trade. The paper elaborated the influence of CBEC on foreign trade by analyzing advantages of CBEC.

Wang Zelin took the customs supervision of Chengdu Customs as an example to analyze export laws of import. Wang analyzed the situation of the CBEC work of Chengdu Customs in the past few years, analyzed the existing problems of the customs, and put forward suggestions on customs supervision [4]. The article believes that the improvement of policies can facilitate the development of CBEC, which is of great help to China's economic development.

Chen Bo stated that the advantages and development status of CBEC. This paper points out that CBEC promotes the development of trade and uses data to analyze the advantages of CBEC in trade. The paper also mentioned the problems that CBEC facing [5].

These researchers conclude that the development of the Internet, the influence of social environment and government's policies support have led to the rapid development of CBEC. Besides, there are also deficiencies in management of CBEC, which bring difficulties to development of CBEC. This research result provides important reference for the analysis of this paper. The shortcoming of these researches is that there is no analysis about the influence of policies on CBEC based on specific contents of policies.

3. Research Method

This paper will analyze the specific policies and laws about CBEC, and then describe the impact of policies and laws on the evolution of CBEC.

3.1. E-Commerce Law of China

The first law about e-commerce is the E-Commerce Law of the People's Republic of China, which was promulgated in 2018 and officially implemented in 2019. The invention of this law protects the rights of proprietors and consumers. Article 40¹ of the law protects the rights of consumers and operators. Instead of choosing merchandise according to the advertisements on online shopping platforms, this law ensures the quality of merchandise. Consumers can choose various products through several ways such as commodity, sales volume, and evaluation of consumer. Meanwhile, this law also prevents vicious competition among e-commerce operators because e-commerce platforms must indicate advertisements, and thus operators need to have excellent quality goods, rather than pay fees to e-commerce platforms to get more exposure. This law is beneficial to all business operators who have little money to start with, because the low price and high price of the product will bring enough exposure to the shop, the business operators do not need to pay advertising fees to the platform to get exposure.

The State Council issued a policy in 2015² that approved the build of an e-commerce pilot zone in Hangzhou. The Zhejiang Provincial government set up a comprehensive pilot zone for CBEC in

¹Article 40 of E-Commerce Law of the People's Republic of China: An e-commerce platform operator shall display the search results of commodities or services to consumers by various means according to the price, sales volume and credit of commodities or services. For commodities or services listed by bidding, the word "advertisement" shall be clearly marked.

²The 44th statement issued by the State Letter in 2015 gave instructions on the establishment of China (Hangzhou) cross-border e-commerce comprehensive Pilot Zone.

Hangzhou in 2015. The establishment of this pilot zone also demonstrates the government's support for e-commerce. The State Council has set up these pilot zones to stimulate the development of CBEC and bring the successful experience of e-commerce to other provinces in China. These two policies and laws effectively stimulated the quick development of e-commerce in China primevally.

3.2. Import and Export Tax Policy

Due to the support of the policy, more and more CBEC operators appear in the market, the government has introduced some policies on import taxes. The State Administration of Taxation issued a policy on import taxation in 2016³, the introduction of this policy ensures tax fairness among different trading modes, because this policy regulates the system of taxation, any kind of CBEC transaction needs to be declared and vetted by the customs, it ensures the healthy development of CBEC in China.

The State Administration of Taxation introduced a policy on export taxes in 2013⁴, this policy defines what goods are eligible for the rebate, Zhou Qing stated that this policy has improved the problem that CBEC operators can not legally refund tax, it protects the rights of operators. The import tax policy standardizes CBEC transactions; the tax exemption policy brought by the export tax policy creates huge benefits for operators, the benefits of e-commerce attracted more operator, it promotes the development of CBEC.

3.3. Financial Support Policy

Fund support is indispensable to the development of any enterprise, and the CBEC industry is no exception. Wang Yang stated that CBEC is an important part of our national trade, it promotes the rapid development of our digital economy. The significance of CBEC trade also attracts the government's financial support for CBEC.

Yiwu, the best e-commerce development city in China, issued a policy⁵ to promote e-commerce development in 2022. The first is financial incentive. For the e-commerce industry whose sales amount exceeds 30 million yuan, the Yiwu Municipal People's Government will give 0.7% of the sales amount as incentive, this policy has encouraged the development of e-commerce companies, because the higher their sales, the more incentives they get from the government. The Yiwu government has also expanded its air logistics corridor, with the aim of developing CBEC and these policies offer more convenient transportation for the import and export of goods.

This policy shows that the government attaches great significance to the CBEC industry. The government provides a large amount of funds and convenient transportation conditions to support the development of the CBEC industry.

3.4. Customs Supervision Policy

Wang ZeLin stated that Customs supervision refers to the administrative management of export and import activities carried out by the Customs according to the power granted by the state, with the purpose of ensuring inbound and outbound activities are in line with the norms of state laws and public policies, and safeguarding national sovereignty and interests, so, most of the customs supervision policy are concerned with the supervision of import and export commodities. Notice No.

³Article 18 Circular issued by the Ministry of Finance of PRC, the General Administration of Customs of PRC and the State Administration of Taxation in 2016.

⁴Document No. 96 issued by the Ministry of Finance and the State Administration of Taxation in 2013.

⁵Yiwu Municipal government published an article called Yiwu Municipal People's Government on promoting high-quality market development of several opinions.

23 issued by the General Administration of Customs of China in 2022⁶ put forward supervision on the quarantine of dairy products imported from Mongolia. This policy requires food safety, storage and transportation, and raw materials for dairy products. Customs supervision policy guarantee the quality of goods traded in CBEC.

3.5. Inadequacy of Laws and Policies

The inadequacy of E-Commerce Law of China is mainly reflected in the vagueness of the concept of illegality, as this paper mentioned before, this law restricts advertising and allows consumers to choose products based on a series of factors such as quality of good, most of consumers almost choose products though the evaluation from other consumers, however, if some operators hire consumers to get good evaluation by spending money, it will also effect the evaluation of products. This law does not define such unfair competition as illegal, but it also affects other operators' interests.

Wang Zelin mentioned the inadequacy of customs supervision policy. As mentioned above, this policy will check the quality of imported and exported goods in accordance with the law. If the quality of products does not meet the import and export requirements, the goods will not be allowed to enter the country. In fact, many companies will falsify the name of their goods when they make customs declaration in order to avoid detection of substandard goods, this behavior resulted in a large number of substandard import and export goods flowing into China.

4. Results and Discussions

The result of this study is that CBEC industry is an significant part of China's international trade, and in order to support the development of this industry, the Chinese government has introduced many policies and promulgated laws to regulate the commercial activities of CBEC industry. <E-Commerce Law of the People's Republic of China> protects the rights of CBEC consumers and operators. Import and export tax policy brought the huge benefits for operator, it also ensures development of CBEC. Financial support policy encourages operators to generate more revenue and provides convenient transportation for CBEC. Customs supervision policy guarantees the safety and quality of goods. But these laws and policies also have inadequacy, these inadequacy affect the interests of consumers and operators, the government should improve these laws and policies to better development of CBEC.

The weakness of this research is the absence of data, this research discusses the impact of specific laws and policies, but there is not enough data to support the actual situation, and only shows the theoretical impact of these laws and policies. The reason why there is no specific data is that the standard to judge the development of CBEC is the export and import volume, and there are too many factors affecting these import and export volume, so it is impossible to accurately judge whether it is affected by the introduction of policies through these data.

5. Conclusion

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⁶No. 23 Document issued by the General Administration of Customs of the People's Republic of China in 2022.

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