

Build the Strategic Fulcrum of Inland Open Highland through Zhengzhou Cross-Border e-Commerce

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Abstract: As the most competitive new form and model of international trade, cross-border e-commerce is triggering profound change in global economy and trade. Henan cross-border e-commerce has achieved good results through multiple model innovations and actively integrated into “One Belt And One Road”, opening the door for henan to open to the outside world. However, Zhengzhou cross-border e-commerce still has some problems and bottlenecks in the system and mechanism that need to be broken. It is of great value and positive significance to make an in-depth study of the successful experience of Zhengzhou cross-border e-commerce model, break the relevant constraints and bottlenecks, and build Zhengzhou cross-border e-commerce into a strategic pivot of Henan inland open new highland.

1. Introduction

Five years ago, President Xi Jinping visited Henan bonded logistics center to inspect the pilot work of cross-border e-commerce, attached great importance and hope for the development of cross-border e-commerce---a new type of business, and encouraged it to move towards the goal of “buy the world and sell the world”. When President Xi Jinping inspected the work in Henan recently, he asked Henan to actively participate in the construction of “One Belt And One Road”, accelerate the development of inland open highland, and accelerate the construction of modern economic system. This is the significant demands and fundamental compliance which lead Henan to open up and Henan’s overall economic work. As an inland province that doesn’t rely on sea or edge, cross-border e-commerce in Henan has achieved good result through multiple model innovations in the past five years, and actively integrated into “One Belt And One Road”, opening Henan’s door to the outside world, becoming the strategic fulcrum for accelerating the building of an inland open new highland. Therefore, to further improve and promote the cross-border e-commerce “Zhengzhou model” is a new measure to promote our province to build an inland open highland in the new era, and the fundamental reason for being the “Leader” of cross-border e-commerce in China.

2. The cross-border e-commerce “Zhengzhou Model” has great innovative value

2.1 For the world to provide international trade solutions in the condition of digitization and information

The cross-border e-commerce “Zhengzhou mode” gathers the fragmented trade flow from the private sector into a massive international trade integration, and solves many problems encountered in the global cross-border retail (B2C) transaction mode, such as difficult customs clearance for enterprises, high cost, loss of government tax revenue, and failure to protect the rights and the interests of consumers. This is a pioneering measure made by Zhengzhou in the field of international cross-border e-commerce. It is the “wisdom of Henan” that Henan contributes to the development of cross-border e-commerce industry and provides the international trade solutions for the world under the condition of digitization and information.

2.2 Contribute China's proposal of new trade rules to the building of a community with shared future for mankind.

Under the WTO trade rules original framework system, cross-border e-commerce "Zhengzhou model" explores new trade rules and standards which obey the law of cross-border e-commerce development, provides the Henan's wisdom for our country to master new international trade system voice, and contribute China's proposal for promoting global trade facilitation and the development of universal benefit trade, building a community of shared future for mankind featuring "Trade interconnection and economic interconnection".

2.3 Realize the effective combination of national tax source protection, reduction of enterprise's operating cost and shopping convenience for customers.

Zhengzhou explores a series of innovative models based on cross-border e-commerce, which not only guarantees the national tax and reduces the cost of enterprises, but also optimizes the shopping experience of consumers, so as to promote the possibility of "buy the world and sell the world" without leaving home. The practical exploration of cross-border e-commerce "Zhengzhou model" not only enriches the new theories of cross-border e-commerce, but also provides fresh samples of great reference significance for the innovative development of new technologies, new industries, new models and new forms of business in China. ^[1]

2.4 Stimulate the vitality of opening up about inland provinces

The innovation of cross-border e-commerce optimizes the business environment of the "silk road" online, set up effective communication and cooperation platform for the "One Belt And One Road" countries and other countries to expend economic and trade exchanges, reduce the investment and transaction cost, and optimize the allocation of resources. It has become an effective carrier for the interconnected development of the "land silk road", "air silk road", and "maritime silk road", which has effectively promoted the economic transformation and upgrading of the whole province, improved the level of opening-up, and provided a strong impetus for the construction of new heights of opening to the outside world in inland areas.

2.5 Improve the international discourse rights of cross-border e-commerce in Henan

The development of cross-border e-commerce in Henan has been highly regarded by President Xi Jinping and prime minister Li Keqiang and many other leaders of the Party and the country, become a national model of learning, and become a beautiful card that promotes Henan economy to develop. The "Zhengzhou model" of cross-border e-commerce has become the "template" of China's cross-border e-commerce, the successful holding of three global cross-border e-commerce conferences in Zhengzhou, the construction of EWTO core function gathering area and other practical explorations have enhanced the international discourse power of cross-border e-commerce in Henan.

3. Weakness and bottlenecks of cross-border e-commerce in Zhengzhou.

3.1 There is an advanced operation supervision service platform, but there is no strong localized e-commerce

Cargo supervision and customs clearance mode, cargo tax collection mode, business mode, quality and safety monitoring and retroactive management mode, multi-modal transport zone one integrated service mode and platform construction mode of Zhengzhou's cross-border e-commerce all lead the country. Zhengzhou "bonded retail model 1210" has also been selected by the world customs organization (WCO) as a model of regulatory model and promoted globally. It can be said that Zhengzhou has the most advanced operation and supervision service platform in the world, but most cross-border e-commerce enterprises in Zhengzhou are small and medium-sized and lack influential leading e-commerce enterprises.

3.2 Finance, logistics, information industry service supporting capacity is not strong

The open economy in Henan is backward, and the industrial chain involving cross-border e-commerce, such as modern logistics, financial payment, creative design and exhibition consulting, has not yet formed a closed loop in Henan, resulting in the operating cost of e-commerce enterprises being 10-12% higher than that in developed coastal areas. This is the crux that affects the gathering of active sellers in Henan and the establishment of the industrial chain in Henan.

3.3 The supporting capacity of the manufacturing industry in this region needs to be improved

On the one hand, there are few local sources, and sources are mainly from other provinces. In 2017, Henan accounted for only 5.23% of the outbound sources of China-Europe freight trains (Zhengzhou), which is at a disadvantage in the competition with other provinces and cities. On the other hand, the goods gathering advantage is not big, and compared with Xi'an and Chongqing, it is at a disadvantage. Due to the lack of local industry support, Zhengzhou railway port has little competitive advantage in the market after the government's removal of subsidies, and the agglomeration benefit of China-Europe freight trains (Zhengzhou) to local industries in Henan has not been fully exerted.^[2]

3.4 Cross-Border e-Commerce Bulk Transaction (B2b) model needs further development

In terms of logistics, warehousing, customs clearance and other aspects, it is necessary to further simplify procedures, streamline approval, and improve supporting policies such as customs clearance integration and information sharing. Meanwhile, the export scale of B2C and B2B needs to be further expanded. Under the trend of rising global trade protectionism, vigorously developing cross-border e-commerce and the new forms of business is not only the only way to cultivate new competitive advantages and promote the building of a trade power, but also a strategic choice to promote sustained and healthy economic development and enhance international status and influence.

3.5 The development of cross-border e-commerce cannot be separated from the support of international compound talents

International trade involves information technology, logistics, customs declaration, warehousing, trading, payment and settlement, etc, with a wide coverage and high degree of professionalism. There is a shortage of cross-border e-commerce talents in Henan, especially high-end talents, which cannot meet the needs of the rapid development of cross-border e-commerce industry.

3.6 Service concept of operational environment needs to be strengthened

At present, China's policies and regulations on cross-border e-commerce are not perfect, and the exploration of cross-border e-commerce mode requires the cooperation of customs, national inspection, nation tax, foreign exchange and other administrative departments. Henan also needs to continuously optimize and develop the business environment and service concept of cross-border e-commerce.

4. Build a centralized pilot zone and urban functional zone for the new global e-trade rules

4.1 Build a global online shopping commodity distribution center

Strengthen the core function of "buy the world and sell the world", gather cross-border e-commerce enterprises, strengthen cross-border e-commerce import, expand the export scale of cross-border e-commerce, and cultivate and develop various trade modes. Build a comprehensive ecology of E-trade industry, build a complete industrial chain and ecological circle of cross-border e-commerce, promote the optimal import and export of foreign trade and balanced development of import and export, and become a global online shopping distribution center.

4.2 Build “One Belt and One Road” commercial logistics cooperation and exchange center

Speed up the construction of Zhengzhou international land port bonded logistics center (type B), meet the business development needs of China-Europe freight trains (Zhengzhou) about the development of integrated import and respective export business, export consolidation business, railway express business and ocean , road, railway and aircraft Mult-modal transport “east link west bound” consolidation business, and meet the huge domestic demand for imported cars and other high-end consumer goods and imported goods. We should list China-Europe freight trains as the link channel, actively introduce the O2O platform of trade circulation to the countries along the “One Belt And One Road” to attract the agglomeration of goods and service trade, form the important place for communication with government and enterprises along the routes, consolidate and promote the flow of goods and service, become the first choice base for cross-border procurement of countries along the “One Belt And One Road” and the center of “One Belt And One Road” import commodities exhibition and trading, expand the connection and consensus between Zhengzhou and the major destination countries of cross-border e-commerce, and build “One Belt And One Road” commercial logistics cooperation and exchange center. ^[3]

4.3 Build a global big data center of cross-border e-commerce

Aimed at the future, build cross-border e-commerce big data platform based on cloud computing mode by means of huge amounts of data, three-dimensional tag, and dimensional mining method, actively develop cross-border e-commerce block chain technology, build a leading global cross-border e-commerce big data service center, enabling enterprises to be ecological, serve government supervision and improve consumption experience. Centering on the development direction of “Occupy the future high ground and call the voice of Zhengzhou”, accelerate the construction of cross-border e-commerce big data center, strengthen the innovation and development ability of big data industry, promote the opening and sharing of cross-border e-commerce data, and build an ecological system of cross-border e-commerce big data industry featuring coordinated development of data, technology, application and security.

4.4 Build inland area international consumption center

In line with the trend of consumption upgrading of urban and rural residents, continue to promote the integration of cross-border e-commerce online and offline, and develop the “O2O” new retail of cross-border e-commerce. We should continue to expand the scope of imported goods, improve quality of imported goods and level, and innovate new forms and models of business. We will accelerate the transformation of traditional businesses into theme-based, experiential, and intelligent business centers, and create a good ecology of integration of all channels, diverse business types, and diversified consumption, so as to build “the heart of consumption, the city of fashion”. ^[4]

4.5 Build a national cross-border e-commerce industry center

Zhengzhou has taken the lead in launching the construction of international digital trade function cluster in China, which is a farsighted and ambitious plan. Cross-border e-commerce has a wealth of industrial. It adapts to the continuous update of production and lifestyles, targets B2B, B2C and other markets, forms an ecological chain and ecosystem of hundreds of billions or even trillion, and makes China a national and global cross-border e-commerce industry center. The development of these formats will bring high-quality content, channels and traffic to Zhengzhou, and promote the prosperity and development of zhengzhou’s manufacturing, services and cultural consumption.

5. The basic requirements of vigorously developing cross-border e-commerce in Zhengzhou

5.1 It can drive the development of relevant industries in Zhengzhou and realize the connection of industrial chain and innovation

By building the industrial chain of cross-border e-commerce ecosystem, plan and construct

EWTO core function agglomeration area with a high level, focus on developing the “four new” industries (new technology, new industries, new models, and new forms of business) based on the upstream and downstream industry chain of cross-border e-commerce, such as cross-border e-commerce headquarters, financial service, payment and settlement, modern logistics, business intermediary, big data, customized production, etc.

5.2 Drive the the optimization of industrial distribution, promote the division of labor in industrial distribution, and innovation in industrial models

To promote the optimizes layout of regional industry through the development of cross-border e-commerce, Zhengzhou airport economic comprehensive experimental zone focuses on the construction of channel-type platform, and achieve new breakthroughs in the improvement of hub functions, expansion of airline network and cultivation of characteristic industries, and accelerates the construction of air economic corridor connecting east Asia and Europe. China (Henan) pilot free trade zone focuses on institution-type platform construction, actively applies for the construction of free trade port, and accelerates the formation of institutional innovation and development advantages. Zhengzhou, Luoyang ,Xinxiang national innovation demonstration zone focuses on the construction of functional platforms, accelerates the efficient integration of industrial chain, innovation chain, financial chain and policy chain, builds a more dynamic innovation and entrepreneurship system, and strives to build a scientific and technological innovation highland in the central and western regions. The comprehensive pilot zone for cross - border e-commerce in China (Zhengzhou) focuses on the construction of industrial platforms , guiding strong enterprises to “going out” for investment and cooperation , and developing new forms and models of cross-border e-commerce and other trades. The big data pilot zone in Henan promotes the construction of “a single window” for international trade, enabling more data access and fewer errands for enterprises, and promoting the implementation of the “one internet access system”.^[5]

5.3 Take the initiative to connect with each other and realize the integration and interaction of “Four Silk Roads”.

Today, the “four silk roads” ---air, land, online and maritime, have become a new height of opening up in Henan. The “four silk roads” have brought historical development opportunities for cross-border trade and related supporting industries. The logical sequence of development is to drive big logistics through big hubs, trade through big logistics, and industry through big trade. In the future, cross-border e-commerce will replace most traditional general trade and become the dominant mode of trade. Cross-border e-commerce can guarantee the supply of goods for the development of the three silk roads of air, land, and sea, while the improvement of the four silk roads of air, Inand, online and sea is necessary condition for the development of cross-border e-commerce.

5.4 With the help of e trade, optimize the new industrial development space of Zhengzhou metropolitan area

By vigorously developing E trade, build a new competitive and cooperative relationship for the development of Zhengzhou metropolitan area. In terms of industrial layout, Zhengzhou EWTO core function agglomeration area should focus on the layout of e-commerce headquarters, financial and business, foreign-related institutions, business experience, international community and other functional areas, and provide bonded logistics, customs clearance supervision, talent “entrepreneurship and innovation”, exhibition, finance, business and other services. Zhengzhou city center provides supporting industries such as accommodation, catering, leisure, education and medical treatment for cross-border e-commerce headquarters economy, leading enterprises and employees. Zhengdong New District provides supporting industries such as financial payment, business exhibition and creative design for cross-border e-commerce industry. Airport Economy Zone provides supporting industries such as aviation logistics and multimodal transport for cross-border e-commerce industry. Other functional areas should be connected actively, and pay attention to industrial complementary, functional linkage and policy sharing, so as to become a

comprehensive service center based on E trade industry innovation, logistics, commerce and trade, financial settlement and enterprise incubation.

6. The suggestion of creating inland open high land by means of Zhengzhou cross-border e-commerce.

6.1 Break through trade protection and explore a new type of EWTO international trade.

Cross-border e-commerce is inseparable from global economic integration. Cross-border e-commerce retail export is the first opportunity for China's foreign trade enterprises to master cross-border retail business, and to some extent, they have the ability to control international market channels. However, due to the impact of trade frictions between China and the United States, the market pressure of cross-border e-commerce enterprises has increased. Henan should seize Zhengzhou's cross-border e-commerce advantage in policy breakthrough, mechanism innovation and cross-border e-commerce development, and formulate new trade rules and standards in line with the developmental rules of cross-border e-commerce under the original WTO trade rules framework.

6.2 Build the centralized test zone and urban functional zone of the new global EWTO rules

Make full use of the first try policy support given by the state, actively attract and use advanced medical technology, medical equipment, medical professionals, and build the internet medical institutions, health management, and medical institutions, which are world-renowned, making it an experimental area and a demonstration area of internet health care, a gathering area of high-end medical talents and an exchange area in the international medical field; Establish a number of state-level clinical trial centers for key imported medicines and medical devices by closely integrating internet standard demonstration hospitals, build them into world-leading pharmaceutical research and development bases, and turn the core function aggregation area of EWTO into independent innovation demonstration zones for internet medical and health with new technologies, new business forms and new models.

6.3 Provide good environment and policy support for EWTP's development

EWTO is the rule of international trade, and EWTP is a commercial trade service platform. The core function area of EWTO should specialize in export expansion, focus on B2B model, and totally make innovations in the field of cross-border e-commerce customs clearance supervision, tax collection, business model, quality safety and trace ability. We will actively explore relevant rules and standards for promoting international trade in cross-border e-commerce, promote the establishment of the EWTO electronic world trade organization and EWTP electronic world trade platform led by China, and control the discourse power and commanding heights of new international trade. ^[6]

6.4 Actively expand other markets outside the us to reduce the risk of uncertainty in the us market

With the development of e-commerce in southeast Asia and India, China's cross-border e-commerce export enterprises should seize the opportunity to actively exploit the emerging international market. Under the trend of rising global trade protectionism, vigorously developing cross-border e-commerce and other new forms of business is not only the only way to cultivate new competitive advantages and promote the building of a trade power, but also a strategic choice to promote sustained and healthy economic development and enhance international status and influence.

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