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Qiang Zhao

*School of Business Administration, Xinjiang finance and Economics University, P. R. China, zq4115@sina.com*

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# Significance, Problems and Countermeasures of the Development of Foreign Trade E-commerce in Xinjiang

*Zhao Qiang \**

School of Business Administration, Xinjiang finance and Economics University, P. R. China

**Abstract:** With the rapid spread of international financial crisis and the stagnation of world economic growth, the Xinjiang international trade is facing a very serious challenge. How to improve the international competitiveness is not only the need of the development of their own living, but also related to the development of national economy is healthy sustainable and stable or not in Xingjian. Therefore, we must develop the electronic commerce. The purpose of the paper is to discuss the meaning of foreign trade E-commerce development in Xinjiang, and to point out the existing foreign trade E-commerce to some existing problems and provides the specific countermeasures of the development for foreign trade E-commerce.

Keywords: foreign trade E-commerce, International trade, E-payment, Network security

## 1. INTRODUCTION

Xinjiang is located in China's western frontier, neighbored with eight nations. With the approval of the state council, the number of A-level opening port is 16 and the autonomous region people's government for approval of B-level opening port is 11. So developing foreign trade in Xinjiang has a unique advantage compared with the mainland provinces. Since the reform and opening, Xinjiang, as the west of the bridgehead opening of China, relies on the advantageous resources and superiority and has achieved remarkable contributions on foreign trade. Total import and export volume increased from 1978 dollars in 0.23 million to 410 million dollars in 1990 and 2.264 billion dollars in 2000. In this century, as the development of economic globalization and the accession of China to the WTO, the import and export scale in Xinjiang increased again and very good performance has been made at trade volume and commodities type. Until 2010, total import and export volume has reached 17.128 billion US dollars; listed No.18 of all the 31 provinces and cities and No.1 of all five northwestern provinces and the dependence on foreign trade also rose to 21.3%. The influence of the foreign trade on economic growth is obvious.<sup>[1]</sup>

## 2. THE SIGNIFICANCE OF THE DEVELOPMENT OF FOREIGN TRADE E-COMMERCE IN XINJIANG

### 2.1 Create more trade opportunities.

E-commerce is open and worldwide. Foreign trade companies and manufacturers in Xinjiang introduce themselves products through building foreign trade site and set up the home page on the third party E-commerce platform, which can release supply and demand information, show strength, strengthen the communication with customers, know the customers, the news of the companies and development trend from various countries, collect the customer's demand information and the feedback for product, track the change of international market and domestic and foreign policies and control the latest market dynamic and international economic development trend. Take use of the comprehensive trade and service functions such as import products bonded display, online business opportunities, business and commerce information consultation, the import and export

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\* Corresponding author. Email: zq4115@sina.com(Zhao Qiang). Research field; E-Business Applications.

agency, market analysis and advertising which is provided by the foreign trade E-commerce platform, new forms of international trade such as online order, online sales promotion, online negotiations, multinational company internal network sales prevailed, which could match buyers with traders, get orders, look for the best international division of labor cooperation partner<sup>[2]</sup>, generate international famous brand effect, carry on the overseas market development to create more trade opportunities.

## **2.2 Break the space and time limit of traditional trade patterns.**

Making use of the E-commerce development on international trade which replaces physical electron stream flow can make all kinds of business information getting more widely spread and communicate, make all exhibitions network and standardization and further expand the "China- Eurasia expo" and exhibitors in the domestic and foreign influence. It can also put the agent, exhibition and other kinds of traditional trade methods together, put all information about import and export goods need and their major process such as market research and international marketing, storage customs clearance, commodity inspection into a computer network and provide manufacturers and traders with all-round<sup>[3]</sup>, multi-level and perspectives, trade service. Customers both at home and abroad can get all kinds of information of the relevant enterprise in global any where, any time from online and transfer business information and documents with trading partner conveniently. Trade partners complete the formalities of business activity multifarious in a very simple way. For example, the internet for information at any time, through the bank on the net to transfer funds, never leaving home for ordering goods, across borders for trade negotiations. This can break traditional international trade activities of the material, time, space limitations, completely change the status quo and connect the international and domestic, western China, and the central Asian countries together without boundaries.

## **2.3 Speed up the pace of the international trade.**

These built a trading platform such as " <http://www.xjwmw.com>", "T <http://www.xjjjb.com>", "o <http://expo.iyaxin.com>" for the rest of the world the exhibitors and help enterprise engaged in the foreign trade activities by electronic method, in which commercial information and products' communication and exchange are completed with high efficiency and low cost. This further improves the efficiency and management efficiency. Online "virtual reality" technology can make product and coordinate the production between Xinjiang and the national enterprise, improve the productivity, form the internationalization of production, speed up the flow of products and semi-finished in neighboring countries and regional and increase sales. Import and export business use electronic form for the work such as customs clearance, commodity inspection, insurance, transportation insurance and settlement of exchange, which not only can greatly reduce labour, material and time requirement, speed up the pace of the international trade, but also can effectively reduce the mistakes caused by paper documents data input in repeated and all kinds of loss of causing by inaccurate commercial information.

## **2.4 Further improve the competitiveness of small and medium firms.**

In the foreign trade E-commerce sites, any an exhibitors can sell the products to the world, look for partners in the world, face competition from the entire world, eliminate regional boundaries effectively, reduce international trade of tangible and intangible barriers and expand trade opportunities. Through these sites buyers can get more reliable information, which greatly increases the goods the scope of the choice; the seller can also access to a greater deal of the buyer, without the religious restrictions and racial discrimination and even the size of the company and the difference of economic strength is no longer important.<sup>[4]</sup> Each firm puts into global electronic trading market with the similar cost and medium and small-sized enterprises have the same

information resources as large enterprises. Compared with the realistic exhibition, the cost of online exhibition is cheaper; spread range is wider; service function is more powerful; the operation of the exhibitors is easier and more targeted. In previous years, because of the limits of the extant trade fair, Urumqi Trade Fair and China-Eurasia expo, a lot of medium and small businesses can't attend. Through "the digital Urumqi Trade Fair", "online Asia-Euro Expo", they can get more market opportunities and their competitiveness is further improved.

### **2.5 Change business management of foreign trade mode and business process.**

The foreign trade E-commerce system, with computer network as the core, integrates E-commerce platform covering all facets of the international trade, which can change the Xinjiang foreign trade business management mode and business process, make international trade environment modern and make market mechanism function fully effective. While in the trade business, both sides can use the electronic commerce system automatically generate an electronic signature which has both the formal contract; according to the electronic contract related documents are generated, such as electronic customs declaration form and purchase order, electronic invoice, package list, commodity inspection certificate, etc. The export enterprise can through the electronic commerce system provides the general data interface to the insurance company, shipping agents and shipping company which data is sent in order to create policy, agency agreement and bill of lading to manufacturers. In addition, through the electronic commerce system and the national management agency network, enterprise foreign trade customs declaration, inspection declaration, foreign trade tax rebates, and other activities will cancel after verification as electronic trading and carried on automatically. The foreign trade business process based on the electronic commerce system carries out accurately and efficiently, which provides firms with a powerful tool dealing with variable international trade market.

## **3. THE MAJOR PROBLEMS EXISTING IN XINJIANG FOREIGN TRADE E-COMMERCE**

### **3.1 Shortage of Electronic business talent.**

As the electronic commerce is more and more widely applied in the field of foreign trade, a lot of master compound talents with IT background and international trade practice is needed, who must be familiar with computer and network technology and master certain financial, international trade and business knowledge. But the compound talents were lack in foreign trade industry in Xinjiang; the number engaged in network trade was less and there are only two universities in this century open electronic business in Xinjiang, in which graduation number is not much and related discipline construction and the construction of the teaching staff are also relatively slow. Although most of the foreign trade staff has set up a file in the computer processing daily business, but basically do not have accept a foreign trade system electronic business training, and the existing electronic commerce talented persons are most from relevant professional, and many enterprise electronic commerce talented person only has the computer network technical knowledge or just have economic knowledge of management, who can not be very good at using electronic commerce to do international trade business operation.

### **3.2 The laws and regulations which related E-commerce is not perfect.**

There has been some progress in laws and regulations of the field of electronic commerce in recent years. The promulgation of electronic signature law had solved the digital signature problem; the new "contract law" admit the law utility of electronic contract, but E-commerce laws and regulations is not perfect, and there were no specific to electronic business tax provisions. The United Nations international trade commission and other

international organizations of electronic commerce and put forward the relevant document content, still not fully into the legal system of our country.<sup>[5]</sup>Due to the major changes of international trade management main body---the virtualized companies or firms, any of them can release some supply and demand information and make it difficult to identify true and false, which is easy to produce dispute in the foreign trade electronic commerce activity. Online dispute has its unique feature, while the Internet is a information superhighway which lack of legal protection, and lack of management and coordination, the commercial confidential information which cross-regional or across countries is hard to notarization and arbitration, It is difficult to solve the complex relationship about online trade problems, such as bear and responsibility identification after the execution of the result of arbitration.

### **3.3 The necessity to solve the problems of network security.**

The rapid development of the Internet also brings the serious problem of network security. While dealing with various kinds of electronic trading in the open network, how to guarantee the safety of the data transmission became one of the most important issues for E-commerce, which can decide the development of foreign trade. The security of foreign trade E-commerce is caused by computer security problems, particularly the internet security problems, mainly in the leak of electronic trade activities of foreign trade business secrets, electronic trading content and electronic contract in network transmission process may be the third party to steal and falsified the problems of commercial information authenticity and trade both sides identification<sup>[6]</sup>. As the development of foreign trade electronic commerce, the application of the bank on the net, the electronic contract, electronic signature will be more and more widely; a large number of commercial information does online transfer; the fund will through the online payment and both sides of a business transaction in different countries, only network data transmission, exchange and treatment has the very high security that can effectively guarantee business secrets is not theft, payment system was not damaged.<sup>[7]</sup>Currently the foreign trade electronic commerce network "firewall" in Xinjiang is still weak, cannot effectively prevent online "hackers" intrusion and patronage, vulnerable to the attacks by some malicious programs and virus, make business information to sabotage, the safety problems of electronic commerce need to be solved urgently.

### **3.4 The logistics system is not well-developed.**

High efficient and reliable logistics system is the important protection to ensure international trade reached smoothly, and one of the key factors for foreign trade E-commerce success or failure. Xinjiang logistics industry is still at the beginning stage which is managed by the railway, transportation, respectively, domestic trade and so on the different of civil government department. Because of the long term, foreign trade separation led to internal logistics and the separation of foreign logistics, between various departments also lack direct lateral ties. Logistics service level and efficiency is low, the logistics cost, turnover rate and industrialization and the mainland economy developed provinces, it has some gap with developed countries. Logistics management mechanism behind, logistics enterprise organizational level and the degree of computer application are low, Most of the things is limited to the daily management, for many important decision problem in logistics, set in the scheme, the foreign trade goods transportation best way choice, the optimal inventory control, is still in a state of artificialization even half artificialization, lack of systematic international logistics distribution system, especially the lack of logistics management and management of specialized personnel. Although the Xinjiang logistics infrastructure has been developing rapidly in recent years, but still lag behind, and the overall logistics technology level such as transportation technology, circulation processing technology and each link is related to the information processing technology closely are remitive, still cannot meet the requirements for future foreign trade E-commerce development of logistics.

### **3.5 The web infrastructure is less-stable.**

The foreign trades in Xinjiang need to realize all or part of the business automation processing, need to use computer technology and network technology in the trade related department to achieve the interchange of electronic data. the internet penetration rate in Xinjiang reached 37.9% in December 2010, and the number of website is 3885, only accounting for 0.2% of the national total, while the internet penetration rate of Guangdong province is 55.3%, and the number of website is 304357, accounting for 16% of the national total.<sup>[8]</sup> However, internet penetration rate in Xinjiang was obviously improved in recent years, due to the economic strength and technology and other reasons, the network infrastructure more developed provinces still have a large gap, the network smaller high price, it need to further improve the construction speed, and the gap between additional regions larger also big, has blocked the development of foreign trade electronic commerce to a certain extent.

### **3.6 The level of enterprise informatization is low, and fund is of shortage.**

Enterprise informationization level and electronic commerce application level is still low in Xinjiang, only a fraction of the enterprise has a modern means of information, which achieve informationization management or electronic business use better truly not much. Although most enterprise has been online, but stay in business information query stage basically, no set up independent web site, also do not have in the third party E-commerce platform established on the home page, the staff which know well to online trading skills and able to trade online is less. The consciousness of some business enterprise to develop E-commerce is weak, the computer is mainly used for word processing, statistical accounting, but not for business integration, not for production, supply, marketing, human, financial, material and other important resources to achieve the electronic management, there are no specific measures to electronic business affairs will give the impact of enterprise. Some small and medium-sized enterprise funds are of shortage and financing is difficult, risk responsibility mechanism is insufficient, can't insurmountable the threshold of electronic commerce technology, have restricted the enterprise the information construction and the development of electronic commerce in a large degree.

## **4. COUNTERMEASURES FOR THE E-COMMERCE DEVELOPMENT ABOUT FOREIGN TRADE IN XINJIANG**

### **4.1 To promote foreign trade integrated electronic commercial platform.**

The website of Xinjiang's foreign trade E-commerce must be colored with "Xinjiang characteristics", based on local and Central Asian market, attracted to highly targeted customers, because they are the most valuable assets and the real potential businessmen, once formed, it has a great competitive advantage. The website must be gathered and orientation, it could host a large number of group and establish a loyal group of users, attracting regular repeated customers, quickly form a centralized market. We should manner foreign commerce in a planned and systematic to make full use of existing resources, for one thing, the website should improve supporting services of the international trade about E-commerce platform ,and the process of the business services for SMEs and the company that not have international trade experience and the ability , for another thing, we should improve the level of information for import and export enterprises quickly, dock between foreign trade enterprise E-commerce websites and effective platform, and also deal with the relations of traditional trade and E-commerce sales channels. In addition, to speed up infrastructure of foreign trade E-commerce, establish and improve the trade-specific information network, and achieve to the foreign trade network connectivity, thus achieving a trade information network interconnection with the United Nations and

other international trade information network.

#### **4.2 Government has to actively develop the electronic payment.**

Electronic payment is an important part of to carry out E-commerce foreign trade activities. Although foreign trade E-commerce can be conducted settlement through the traditional method of payment, but electronic payment has a greater advantage, because it is more efficient than traditional payment, more affordable for transaction costs, and also to achieve an online payment. Not only avoids the traditional payment of low efficiency, eliminate the inconvenience, but also help to accelerate the operation of business about export enterprises. Xinjiang's foreign trade E-commerce should be grow bigger and stronger, we must actively develop electronic payment, to meet the trend of the development of international trade in E-commerce era for to better carry out B2B transactions in the future, and achieve international trade change the indirect and direct international trade.

#### **4.3 Improve the online safety certification system to ensure the security of electronic transactions.**

Foreign trade E-commerce is an engineering system. The whole transaction process involves states and its foreign trade business related bank, transportation, taxation, customs, foreign exchange and insurance, and many other sectors and industries, involving many security problems, such as capital security, information security, cargo security, trade secrets. If we have not proper solutions to these problems, the foreign trade E-commerce realization is an impossible mission. Many foreign trade import and export business not to be willing to trade on the net, don't want to use the network means of electronic contract signed directly, because they have doubts about the security and reliability of online transactions . To better solve the security problem of the foreign trade E-commerce, we must establish and improve the high level, authority of the international authentication institutions. For it, we should around tightly the confidential technology, the safety management, CA authentication and the payment of key technology electronic to strengthen cooperation and contact with other countries to develop. To build the Xinjiang CA "a card hand" trust system<sup>[9]</sup>, the application of the foreign trade users will be attributed from the user separate digital certificate. According to different users for their different application issued the certificate, to achieve the use of a digital certificate to the electronic commerce system of different foreign trade request. The system can greatly promote digital certificate in the Xinjiang foreign trade the electronic commerce application pace to improve the foreign trade E-commerce transactions in the purpose of safety and reliability.

#### **4.4 To strengthen the talented person of cultivation for foreign trade electronic commerce.**

Foreign trade electronic business affair is a product of modern information technology and the combination of foreign trade. It require the staff member should have an ability that know professional technology and use the related with comprehensive knowledge to innovation. If Xinjiang wants to have a market place in the world economy, we should put the attention to the electronic commerce and the international trade personnel training. At present, there lacks international trade talent and electronic commerce talents. In the foreign trade import and export company most employees are familiar only with the traditional trade business, and application of the electronic commerce talented foreign trade is computer professionals, and most are familiar only with the network business. The phenomenon is disadvantage for his foreign trade E-commerce development. We should be strengthen discipline leaders and leading personnel training dynamics based on the medium and long term development plan for Xinjiang talents of the basic requirements, increasing investment and intellectual talent introduction, optimize the environment of talents. the cultivation of foreign trade electronic commerce talented person puts into university subject construction planning as soon as possible, adheres to the "bringing in" and

"going out", and through the combination of the two, or two-way trainings, pay attention to the training of a group with international vision, familiar with foreign trade business, understand the international market, and both the application of E-commerce inter-disciplinary talent. To strengthen the to foreign trade companies and enterprise employee training, improve its business skills and electronic commerce application level, while enhancing personnel training, build Urumqi high-tech industry development zone, Kashgar special economic development zone, Horgos special economic development zone of comprehensive talent management area, and to lay solid foundation of talents for future electronic commerce development Xinjiang foreign trade.

#### **4.5 To create influential network name brand and pay attention to the customer relationship management.**

In the fierce competition in international market, the brand awareness of high and low and influence directly affect the size of import and export commodities the quality and price. In the foreign trade E-commerce operation process, the role of the brand is more outstanding, and also has a layer in the form of a domain name brand of the network<sup>[10]</sup>. It can directly guide consumers into enterprise web site, attract visitors, increase customer's attention. Therefore, the key to Xinjiang foreign trade to succeed the implementation of the electronic commerce strategy is that focus on the shaping influential network brand. To strengthen the network brand promotion efforts and public international advertisement and release all sorts of information in some of the more famous website, actively with all relevant link to website to increase the enterprise web site traffic, expand network brand influence and strengthen the publicity. Customer relationship management has an important position in international trade activities. The good customer relations management can help enterprises to grasp the market opportunity, meet the customers need to win the customer loyalty. The company could be built various types customer database when implement trade E-commerce. It should provide a full range of online services, with the customers maintain a long-term, close together, one-on-one contact and improve their satisfaction.

#### **4.6 To strive to create influential network name brand, the customer relationship management.**

Foreign trade E-commerce is a new thing that need to active participation and promote from governments and enterprises. The Xinjiang government should timely make electronic commerce development policy to encourages foreign trade, make full use of various means, play an important role in the international market competition about the publicity of the electronic commerce in future. In the following international trade freedom and online without extra taxes in principle, use electronic commerce technology for the traditional international trade business process optimization. The foreign trade should be provided comfortable environment. The foreign trade E-commerce could use the Shanghai cooperation organization actively to participate in international market competition, and to further improve the influence in the West Asia about Xinjiang, to strengthen the "China-Eurasia expo ", "silk road clothing festival" brand, optimize export product structure, increase the technical content of export products and improve the quality and grade of the export products. We should cultivate the development and hold "central Asia building materials exhibition", "petroleum products expo", "central Asia auto show" series of professional exhibition, make full use of various exhibition and frontier port to develop foreign trade, develop the central Asia, west Asia and eastern Europe market. For the neighboring countries in economic structure, folk culture and consumption habits provide marketable goods, cultivating new export growth. To continue to support conditional service enterprises to go into the international market, expand the marketing channel, participate in project contracting, and expand service exchange, for Central and West Asia financing to develop the international transport, insurance, information consulting, law and other services.

#### **4.7 We will energetically develop the modern logistics industry.**

It is basic for Modern logistics to the development of the international trade, and it is the key for foreign trade great-leap-forward development in Xinjiang. we will make a detailed planning about the logistics industry development, and investment, especially railway, highway and aviation logistics park. It will take five years for us to complete logistic park's infrastructure construction and international railway logistics park's functional integration in Xinjiang, we will complete the general international air freight center (airport logistics center) of construction, and built a batch of high starting point, large scale and radiation ability strongly of the modern logistics base or logistics center that will possess many function such as set transportation, warehousing, packaging, circulation processing, distribution, forming the interactive development modern logistics network system with the area, domestic and international logistics, in order to enhance logistics level, professional services ability in Xinjiang, and improve the overall efficiency. we will prepare for the logistics information network and related facilities, the integration of the existing transport and storage enterprise, rising the development of logistics distribution business, speeding up the change from transport industry to modern logistics industry, accelerating logistics channel construction to further improve the port facilities, improving the customs clearance efficiency. At the same time the modern logistics should combine the foreign trade development of E-commerce into the fourth party logistics for comprehensively promote Xinjiang logistics service level of ascension.

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