11 E-commerce and International Trade

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Abstract The huge market demand for high quality paperwork processing in international trade gives the birth of e-commerce, and meanwhile, e-commerce brings a powerful momentum in promoting the development of international trade. E-commerce can promote international trade in several ways: decreasing the transaction cost, improving the trade quality and efficiency, increasing trade opportunity, supplying new trade means. However, these advantages are not unsolicited, and an essential question of “how to employ them properly” is still needed to be answered.

The purpose of this chapter is concerning how to fully utilize the e-commerce to promote the development of international trade with focus on the relation between e-commerce and international trade, the applications of e-commerce under international trade environment, network marketing of e-commerce and the design of international trade e-commerce system.

Key Words e-commerce, international trade, technology trade, service trade, network marketing, EDI, e-commerce system design.

The rapid development of information technology, especially the network technology and the globalization of the Internet, has brought us into a new era. A new trade way, online trade which breakthroughs the limitation of time and space of traditional trade, comes into being. It completely differs from the conventional way. In the next few years, the Internet, which offers tremendous potential commercial opportunity, will become the largest market of the world. The birth and growth of e-commerce has brought a far-reaching impact on the international trade and some new problems arise, such as the problems of how to impose duties on the online transactions, how to guarantee the security of online transactions, how to breakthrough the requirement of writing evidence required by law, how to verify
a signature, how to transfer an electronic Bill of Lading, etc.. The solving of these problems will directly promote the online transaction. Yet, since the laws always lag behind, the conventional laws have not been renewed for this new transaction, resulting in that many law problems derived from online transaction cannot be settled with traditional law. In addition, many merchants give up investing in this field without the support of laws, which in turn restrains the rapid development of online transactions. Therefore, it is necessary to strengthen the study of this new trade way and establish relevant law frame to rule e-commerce. This not only can protect the interests of all parties in the e-commerce, but also will ensure the successful execution of e-commerce.

In this chapter, we focus on three topics: the relationship between e-commerce and the international trade, the application of the e-commerce technology to the international trade, and the design of international trade e-commerce system.

11.1 E-commerce and International Trade

The development of the international trade calls for the occurrence of e-commerce, and e-commerce has enormous reaction on the international trade. It will promote the further development of the international trade. E-commerce has been widely applied and become a mature method of transaction in the developed countries while it is only beginning in China. So we should fully understand the reaction of e-commerce on the international trade, and speed up e-commerce applications in the international trade in China.

11.1.1 The International Trade Calls for the Emergence of E-commerce

The commodity economy law requires that economic resource should be optimally allocated all over the world to achieve largest benefit from the limited resource. Different socio-economic conditions such as the development level of science and technology, productivity and the size of domestic market etc., and different natural resource such as the climate, the soil condition, mineral resources, and the geographic location etc., all result in varying production costs in different countries. Adam Smith, the founder of the classical school of capitalist politics and economics, believes that every country will be advantageous in producing certain commodities according to its own socio-economic conditions and natural resource. Each country will benefit from specializing in certain products according to their advantageous production conditions and exchanging with other countries. This division of production and exchange of commodities will lead to the most effective use of a country’s resources, human resources and capital on a global scale. For example, it is stupid for people in Scotland to pay 30 times the price as