Trade-Related E-Commerce: Definitions, Trends and Key Issues

Submitted by: China
Trade-related E-commerce: Definitions, Trends and Key Issues

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Contents

I. Definitions of Digital Economy, E-commerce and Digital Trade

II. The Influence of the COVID-19 Pandemic on Related Industries

III. Key Issues in Discussions of Trade-related Aspects of E-commerce
I. Definitions of the Three Concepts

01 Digital Economy
02 E-commerce
03 Digital Trade
Digital Economy

“The digital economy refers to a broad range of economic activities that include using digitized information and knowledge as the key factor of production, modern information networks as an important activity space, and the effective use of ICT as an important driver of productivity growth and economic structural optimization.”

——G20 Digital Economy Development and Cooperation Initiative, 2016 G20 Hangzhou Summit

A range of economic activities that use the internet as activity space, data as the key factor and digital technology as tools, composed of the digital industry and digitalization.
Digital Transaction Economy: economic activities that is digitally ordered and/or digitally delivered

WTO defines e-commerce as “production, distribution, marketing, sale or delivery of goods and services by electronic means”.

The E-commerce Law of the People’s Republic of China states that “E-Commerce refers to business activities that sell merchandise or provide services on information networks such as the internet”.
Definition: the delivery of products and services over the Internet by firms in any industry sector.

Scope: intangible services and information, excluding goods ordered online and physical goods with digital counterparts.

Scale: The overall scale of cross-border digital trade in China in 2019 was 1.4 trillion yuan, increasing by 19.0%.

Overall Scale of Cross-border Digital trade in China(2018-2019)

Data Sources: China's Digital Trade Report 2020, CIC
II. The Influence of COVID-19 pandemic on related Industries

01. The pressed "fast-forward button" for the construction of digital infrastructure

02. The significantly increasing growth rate of the Internet industry

03. The accelerating pace of industrial transformation with digital techniques
**WEF:** During the coronavirus pandemic, the usage of internet in the world increased by 70%, the usage of social application increased by 300%, and video streaming services increased by nearly 2000%.

**IDC:** The global cloud computing infrastructure investment in 2020 is estimated to reach 69.5 billion US dollars, accounting for 54.2% of the global IT infrastructure investment.
## Increasing Growth Rate of the Internet Industry

Table 1. The comparison of Top Internet Companies Market Value Growth in China and the world

<table>
<thead>
<tr>
<th>Year</th>
<th>top 30 Internet companies in China</th>
<th>top 70 Internet companies in the world</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>21.5%</td>
<td>3.4%</td>
</tr>
<tr>
<td>2019</td>
<td>38.2%</td>
<td>41.1%</td>
</tr>
<tr>
<td>2020</td>
<td>63.8%</td>
<td>58.9%</td>
</tr>
</tbody>
</table>
**Accelerating Pace of Industrial Transformation with Digital Techniques**

**McKinsey** (A survey covering more than 400 companies around the world): 94% of interviewed companies believe that Industry 4.0 technology has benefited a lot during the pandemic, and 65% believe that the prospect of digital technology is more optimistic than 2019.

**Our statistics:** The growth rate of O2O industry companies’ market value in 2020 reached 102.7%, which is significantly higher than other industries.

<p>| Table 2. Comparison of the Top 30 Chinese Internet Companies’ Market Performance in four major industrial (2020) |
|---------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|</p>
<table>
<thead>
<tr>
<th>Share of Total market value</th>
<th>Annual Growth Rate of Market Value</th>
<th>Sales Income (100 million yuan)</th>
<th>Share of Sales Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>e-commerce</td>
<td>40.65%</td>
<td>54.3%</td>
<td>2443.44</td>
</tr>
<tr>
<td>online content</td>
<td>34.78%</td>
<td>53.65%</td>
<td>977.52</td>
</tr>
<tr>
<td>O2O</td>
<td>16.25%</td>
<td>102.67%</td>
<td>361.86</td>
</tr>
<tr>
<td>others</td>
<td>8.31%</td>
<td>64.83%</td>
<td>542</td>
</tr>
</tbody>
</table>
III. Key issues in discussions of trade-related aspects of e-commerce

01 Cross-border Data Flow

02 The Supervision and Taxation Issues of Online Platform

03 Standards of electronic invoicing and electronic payments
Cross-border Data Flow

A global consistent cross-border data flow rule framework needed

The process of deepening the global consensus interrupted by pandemic

- the WTO ministerial meeting in June 2020

A rule framework for cross-border data flow initially being reached within one or two years
The Supervision and Taxation Issues of Online Platform

USA: Anti-trust investigations on Google, Apple, Facebook, and Amazon (GAFA).

EU: “Digital Market act”

China: “Antitrust Law” Amendment Draft; Administrative fines on Alibaba and other huge Internet companies

G20, WTO, and…
Standards of electronic invoicing and electronic payments

Digital Economic Partnership Agreement: Issues including the construction of an electronic invoice mutual operating system and the construction of international standards for electronic payments are covered.
THANK YOU