

Comparative Analysis of Two Customs Clearance Modes of Cross-Border e-Commerce under the Latest Pattern

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Abstract: Cross-border e-commerce is an e-commerce form that emerges after the rise of e-commerce. It accompanies increased consumption demand and market size. There are two customs clearance models of cross-border e-commerce, namely the bonded warehouse stocking model (BBC model) and the overseas direct purchase import model (BC model). This paper will conduct a detailed comparative analysis of these two models in the following aspects: connotation and applicable capabilities, combining with the country's main driving direction, cross-border e-commerce's development process and the views of scholars. The analysis shows that the development of the BC model is the key to cross-border e-commerce in 2019, and the BC model will become the mainstream of cross-border e-commerce since then.

1. Introduction

1.1 The development of cross-border e-commerce

1.1.1 The first stage of cross-border e-commerce (1999-2003)

The original model of cross-border e-commerce appeared early in 1999, but the concept of "cross-border e-commerce" was not proposed at that time. It was the era when Chinese sellers and overseas consumers could communicate through Internet. Commodities from China have been displayed online already, and the offline sales are exported to overseas buyers. Although there is no direct definition, a preliminary model of cross-border e-commerce has emerged, the first stage of cross-border e-commerce is considered from 1999 to 2003 as result.

1.1.2 The second stage of cross-border e-commerce (2004-2012)

Since 2004, it was the DHgate that has broken the pattern in which commodities can be displayed on the Internet but can't be bought online. At this stage, various cross-border Internet platforms have gradually become electronic, and functions such as online payment and logistics are improving and the online trading platform has been realized progressively. So this is a transitional period for cross-border e-commerce.

1.1.3 The third stage of cross-border e-commerce (2013-present)

The year 2013 was a turning point, in which various functions of the cross-border e-commerce platform transformed the business model all over. And each of them basically achieved a comprehensive online sales system. Since 2013, commodity browsing, order submission, payment, logistics, tracking and other online functions are more mature. From 2013 to the present, it can be considered as the third stage of cross-border e-commerce.

1.2 The transaction volume of cross-border e-commerce in recent years

According to public data, in 2016, the transaction scale of cross-border e-commerce in China estimated 6.3 trillion yuan. By 2017, it was about 7.6 trillion yuan. In 2018, it reached 9.1 trillion yuan, showing a gradual upward trend. According to the analysis of e-commerce environment here and abroad, increased consumers' living standards and the needs of consumers, the transaction scale of 2019 exceeded 10 trillion mark has become an inevitable trend, and is expected to reach 10.8 trillion yuan. It is estimated that the scale of cross-border e-commerce transactions in China will

reach 12.7 trillion yuan in 2020. With the development of economic globalization, the consumption range of residents in various countries is not limited to the domestic market. According to the development trend, cross-border e-commerce is becoming more and more important hence it's necessary to study the cross-border e-commerce customs clearance models.

1.3 Related research at home and abroad

Today's cross-border e-commerce is becoming more and more mature. There are two main cross-border e-commerce models. One is the bonded warehouse model (BBC model), and the other is the direct mail model. The latter one includes three models. This paper mainly analyzes the direct mail import mode (BC model) that is promoted by the state. Zhang Xing believes that the so-called "bonded import" is an enterprise that uses overseas purchase and transportation by container. The commodities are stored in the domestic bonded area [1]. In this way, commodities imported from foreign countries are purchased in large quantities and deposited in domestic bonded warehouses in advance. When domestic users purchase, they can directly ship goods in the domestic bonded area, thus delivering goods to consumers in a faster manner. Another model is the overseas direct purchase model (BC model), which is more traditional, in which consumers purchase overseas goods through the shopping platform, and then overseas goods are shipped directly from overseas and eventually reach the consumers. Some scholars believe that compared with the overseas direct purchase model, the bonded warehouse stocking model is faster and more economical, but at the same time, the pressure is greater than that of the overseas direct purchase model. Research group of The Shanghai Municipal Bureau of Industry and Commerce believes that the advantage of overseas direct mail is the global supply chain and rich categories. Contact with the customs system can speed up the customs clearance. While the disadvantage is that the domestic consumers are accustomed to grasping the goods. Some goods do not support direct mail due to legal reasons [2]. Li Jie deems that the advantage of direct mail model logistics is that the process is simple and convenient. The shortcomings are time-consuming and high price. The advantage of the bonded model is that the transportation cost is low, the time is fast, and the guarantee is good. The disadvantage is that the use of such mode is biased, for instance it favored large-scale e-commerce or maternal and child, food and other large-volume purchases [3]. Chen Chun has conducted careful analysis from all aspects of the BC retail business chain and value chain, thus verifying the conclusion that the BC model is more competitive [4]. A large number of documents have been analyzed on the BC model and the BBC model. The views are also mixed, but the quality of a model does not refer to its own good or bad, but to a certain stage. It's wise to testify what kind of model is more suitable on the basis of reality. Times are always changing, and the reality is changing as well. Therefore, the model of application will continue to change, and in 2019, it will be more biased towards BC model. Provided that the BC model, BBC model and the market wouldn't change a lot in the future, and the BC model will still popular in the next few years.

2. Cross-border e-commerce bbc customs clearance model analysis

2.1 The meaning of bbc model

The BBC model is the business-to-business and consumer model, which is the bonded warehouse stocking model we mentioned. The operation mechanism of this model is "logistics first, and then post-order", that is, the bulk purchase of goods is first deposited in the bonded warehouse allowed by the customs. Goods that are deposited in bonded warehouses are no longer taxed when they are re-exported, but they still need to pay the corresponding taxes if they enter the domestic market [5]. When consumers purchase goods, they can directly ship from domestic bonded warehouses, after customs inspection and use domestic logistics to transport. The specific business process can be divided into three stages. The contract is signed in the early stage. After the signing, the double filing is required: the company records and records of imported products. The process of filing the imported products is cumbersome. Product filing information is waiting for the commodity inspection and audit. It doesn't finish until the record completion of the pre-work. Here

comes the mid-term work. The company stocks up, after the stocking is completed, it is necessary to determine whether to pick up the goods at home. If the goods are delivered to the door, they will continue to provide the pick-up information. If there's no need to pick up the goods, they will make the head-sponsorship and request, and provide feedback of the cargo forecast information. The medium-term process is over. Then the last process starts. The goods are first transported by air to the domestic airport and then to the corresponding bonded area in the country. They are in the bonded area for storage, waiting for the consignee to provide the order information. The bonded warehouse distributes, sorts out, and write-off after receiving orders. The customs will carry out inspections, the qualified items will be released, and then delivered by domestic express delivery until the recipient receives the ordered goods. At this point, all the processes of the bonded warehouse stocking mode have been completed.

2.2 Advantages of bbc mode

2.2.1 Reduce unit cost

Due to the large batch of purchased goods, the purchase cost is relatively low. The bonded warehouse model has greatly improved the speed of customs clearance, and the purchase of imported goods in large quantities has also reduced the unit trade cost.

2.2.2 Reduce transportation time

Since the commodities needed by consumers has already purchased from overseas to the bonded warehouse, the delivery location has been transferred from a distant foreign origin to a bonded warehouse which is closer to the domestic consumer, and the logistics has also changed from overseas to domestic one with higher efficiency and lower transportation costs so that the transit time of goods is shorted.

2.2.3 Have better genuine safeguard measures for authentic products

The question of whether there is a fake among the goods stored in the bonded warehouse has always been a great concern to consumers. From the perspective of the regulatory system, the probability of counterfeit goods in the bonded warehouse is small, but not absolute. Bonded warehouses are warehouses that are directly supervised by the customs. Imported goods are subject to rigorous check before entering the bonded warehouse. Goods that have passed the checkups are placed on the shelves of the bonded warehouse, and there are special personnel responsible for supervision. All the changes in the outer packaging of the items in the bonded warehouse must be carried out under the supervision of the customs. If the enterprise merchant wants to do the warehouse in the bonded area, it needs to wait for strict customs approval before it can be established. With a strict system of accountability, once a false product is discovered, the accountability system will immediately track down the bad business, and will track down the bad business in a short period of time, and promptly pursue the responsibility.

2.3 Problems with the bbc model

2.3.1 Lack of flexibility

China's cross-border e-commerce can be said to have started in 1999, and now it has 20 years. Although today's cross-border e-commerce isn't mature, it has certain experience compared with the past, with the development of the times and the introduction of the e-commerce law, the BBC model also showed a series of problems despite of its former popularity, the BBC model is not flexible enough for the current consumption demand, and the processes are more complicated. Due to the large amount of requirements in quantity, the bonded warehouse cannot take flexible adjustments in time when there is some change in the market dynamics.

2.3.2 Capital pressure

A large-volume purchase results to the larger financial pressure. The direction of the bonded warehouse is relatively simple, and the selectivity of the imported goods is single. It is more

suitable for enterprises with large business volume and stable operation and huge financial support.

2.3.3 Higher cost of picking operations

Goods that have been approved for entry into the bonded warehouse are placed on the shelves. When the system receives the order, the picking operation is performed, and the cost of the picking operation accounts for 60% of the warehouse operation [6]. Cross-border e-commerce orders are generally large in number and complex in variety, which greatly increases the difficulty of picking operations. Commodities are placed in different areas according to the category, and the system can only process orders in a limited amount. Whether in a batch of orders or multiple orders, the optimization of the picking path algorithm is necessary.

2.3.4 Vulnerable to new political criticism

Since the bonded warehouse model is not the way of the country's main push, whenever the New Deal is introduced, it will be attacked worst of all. And some of the vertical e-commerce enterprises only depend on the bonded warehouse model for which are prone to fusing.

2.3.5 Other short boards

There is no absoluteness. Although it has already been approved by the customs and other official agencies, it has not been guaranteed that the items issued are 100% genuine. At the same time, consumer psychology is also a factor that hinders the BBC model. Some consumers may worry that the goods issued by the bonded warehouse are not genuine, so they will not choose the bonded warehouse stocking mode.

3. Cross-border e-commerce bc customs clearance model analysis

3.1 Meaning of bc model

The BC model is the business-to-consumer model, which is the overseas direct mail import model we mentioned. This model is generated along with the generation of cross-border e-commerce. The model is a one-chain service. Consumers buy overseas goods, which are shipped directly from overseas merchants to overseas collection stations, and then shipped by air to the airport we designated in the country, and then send it to consumers through domestic logistics after customs clearance. In this way, the authenticity rate is greatly improved. It is a model promoted by the state and has less impact on policy criticism.

3.2 Advantages of bc model

3.2.1 High flexibility

Compared with the bonded warehouse model, overseas direct mail is more flexible. Since there is no need to purchase large quantities of goods, there are many opportunities for selection. It is a flexible customs clearance model for enterprises and consumers. And the procedures are simple: when consumers buy goods, they only need to provide ID information for customs clearance. Others are the same as domestic e-commerce, and the full-chain service has reduced some trivial procedures and provided item information in an open and transparent manner.

3.2.2 Compliance with the new deal

Moreover, since the enactment of the E-commerce Law, the Customs' supporting system has been updated more frequently, which has made the grey age era a past tense, and various related new policies have been introduced frequently. The BC model is a model promoted by the state, so the new policies often introduced it is all beneficial to this model, and the BC model has become a guide to the adaptation of e-commerce policies.

3.2.3 High efficiency of customs clearance

The customs clearance of overseas direct mail import goods is very high, the procedure is simple,

and the overseas goods that have been filed are detected. The customs will allow them to pass, and the timeliness is fast and the efficiency is high.

3.2.4 Full compliance and legal

The entire BC mode is monitored in real time, and all procedures are performed while ensuring compliance is legal. Orders, stocking and other instructions will be transmitted by the API interface, and real-time query to understand the status of the order, easy to supervise and dock.

3.2.5 Small financial pressure

The BC model does not require a large amount of foreign purchases in advance, and the zero-cost characteristic is significant. Therefore, enterprises do not need to face too much financial pressure and the procedures are simple, and these advantages alleviate the burden on enterprises to a large extent.

3.2.6 The latest tax rate adjustment is conducive to bc direct mail

In the past, among the three methods of direct mail, BC direct mail was at a low rate of 11.2%, which was originally a less costly method. On April 1, 2019, it officially reduced it to 9.1%. The lower tax rate has once again reduced the cost of taxes, making more and more companies and consumers choose the BC direct mail import model.

3.3 Problems faced by bc direct mail

3.3.1 The order generation area is domestic

Orders for imported goods under BC direct mail are generally generated domestically, and domestic e-commerce companies and overseas e-commerce companies may have some problems when docking.

3.3.2 Long delivery time

Since BC direct mail is issued from overseas, it will take a little longer to reach the consumers. It is not suitable for some consumers who want to receive the goods in a short time. This is one of the problems that need to be solved.

4. Comparison and analysis of bbc model and bc model

According to the analysis of BBC model and BC model, although the characteristics of bonded warehouse mode are also prominent, in general, more and more enterprises tend to choose BC direct mail model with strong anti-stress ability, 2019 The cross-border e-commerce mainly depends on BC direct purchase, and in the future, in the absence of breakthrough reforms in both models, the BC model will still be the mainstream of cross-border e-commerce.

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