

CHAPTER VI

COUNTERMEASURES AND SUGGESTIONS FOR FURTHER PROMOTING THE DEVELOPMENT OF CROSS-BORDER E-COMMERCE BETWEEN CHINA AND ASEAN

To fix the problems and improve the cross-border e-commerce in the future, needs

1. Infrastructures

Improving infrastructure quality and performance will bring benefits to all of the countries because logistics are important in order to increase the interest and satisfaction to do the transactions in cross-border e-commerce. Not only the precision of goods time arrival, but also other factors of logistics infrastructure should be improved such as flexibility and transparency. In the digital era, the buyers prefer to get the updated information about the shipment by tracking the location of their goods. Therefore, the digital and technology support in logistics infrastructure are essential in order to achieve the demanded transparency and increase the customers' satisfaction.

Some ASEAN country members such as Cambodia, Laos, and Myanmar should catch up the development of logistics infrastructure and quality as the other country members of ASEAN, Singapore and Malaysia, successfully reach the high position in their infrastructure performance and quality thus it makes Singapore and Malaysia to the top position of ASEAN country members that shop and do transactions overseas through e-commerce. The increment of logistics infrastructure and quality not only marked by the physical roads, but also can be other forms such as mega e-fulfilment centres, parcel sorting centres, local parcel distribution centres, local city logistics depots, and returns centres. These will improve the efficiency of the regional distribution and delivery networks.

The establishment of better logistics, both in quality, performance, and digitalization can be carried out by the help of other countries under the RCEP agreement, especially countries with developed economies and infrastructure. The developed countries under the RCEP agreement such as Australia, China, Japan, New Zealand, and the Republic of Korea would have better knowledge and capable human resources in managing the infrastructure. The governments of the countries should help each other to facilitate the logistics, thus the transaction flow of cross-border e-commerce will be increased between countries in RCEP, especially ASEAN and China.

In addition, the infrastructure of the internet, network, and electricity are also as important as the physical infrastructure because internet, network, and electricity are the main source to

access cross-border e-commerce. The network coverage, which some countries of ASEAN still have a low 4G network coverage, should be evenly covered in rural and urban areas because some developed countries started to research and use the 5G network coverage. If only 3G networks cover the network available in some countries of ASEAN, it will be hard for them to access the internet and they will be behind the development of technology. Moreover, the establishment of electricity access in rural areas also should be a concern for local governments due to governments' effort in developing and increasing cross-border e-commerce in China and ASEAN.

2. Fair Competition

To avoid the elimination of micro small and medium enterprises in the cross-border e-commerce competition, the ASEAN country members' government should support the operation by giving them mentorship about cross-border e-commerce. The mentorship is essential for the MSMEs because it will enlighten them about international shipping, taxation, standard of packings, and many more. Beside mentorship, the government can also provide the equity that is distributed to the MSMEs thus they can use it to join the global competition cross-border e-commerce. This action can be taken by the government as an effort to provide a fair competition between MSMEs with other businesses in cross-border e-commerce and it's important to be done since the MSMEs are the main actors of economic development in ASEAN. Other actions can be done by the ASEAN country members' government is cutting down the taxes, especially export taxes, thus the MSMEs in ASEAN didn't need to pay additional money to export their products.

Besides, the MSMEs themselves should accentuate their comparative advantage in cross-border e-commerce. Their specialization of produced goods and its value should be delivered to the customers because MSMEs only own a small production capacity, while their competitors have a big scale of production. The massive production can produce the products with lower price thus it threatened the sales of MSMEs. If the comparative advantage combined with value-added provided by MSMEs, the competition can work successfully in cross-border e-commerce.

3. Currency

Currency fluctuations are a natural outcome of floating exchange rates, which is the norm for most major economies. It is influenced by a country's economic performance, the

outlook for inflation, interest rate differentials, capital flows, country's current conditions, etc. A currency's exchange rate is typically determined by the strength or weakness of the underlying economy. Therefore, a currency's rate can fluctuate from one moment to another. Most of these influencing factors couldn't be fully controlled by the sellers, buyers, and e-commerce platforms and it will be inconvenient for the sellers and buyers to check the everyday currency rate. Therefore, the inconvenience of currency fluctuations can be minimized by the automatization provided by e-commerce sites. The sellers can input the price should be paid in their own currency and the e-commerce sites will automatically convert it into the buyer's currency based on everyday currency thus in the website or application, the buyers will only see the price in the buyer's currency.

4. Minimization of Language Barrier

Both of ASEAN and China governments should increase the awareness of usage of English language in cross-border e-commerce. The awareness for all of the sellers in cross-border e-commerce to use English language should be increased in their description of products in order to avoid miscommunication and buyers dissatisfaction. The local e-commerce that provide cross-border services can offers the automatic translation with the advance technology to detect as much as daily used slang languages as possible. Lastly, the education service of the English language for all of the parties involved in cross-border e-commerce transactions also can be provided by the governments of China and ASEAN.

5. Halal certification

Halal certification takes time to be completed and the process needs more effort from the foreign sellers. Therefore, foreign sellers, especially China's sellers as the main trading partner of ASEAN, can apply the halal assessment in advance and the sellers should specify which ASEAN country members' market will be entered by them due to additional and various requirements for halal certification. The specifications of selecting ASEAN country members' market will help China's sellers in preparing additional requirements and it will speed up the preparation and declaration of ASEAN country members halal certification.

The halal certification can be accelerated beforehand by making sure the sellers understand what ingredients and processes must be avoided according to the Al-Quran, in producing the goods. The sellers also can write the ingredients clearly in the packaging of the food while waiting for the halal certificate. The ingredients should be written in the local language or worldwide language which is English in order to make the ASEAN country

members' Muslim citizens are able to understand in checking the products whether the products contain forbidden ingredients or not before the halal certificate officially issued. Other ways to gain profit before the halal certification publication, China's seller can sell their products to the ASEAN country members with less Muslim citizens, such as Cambodia, Myanmar, and Vietnam. Moreover, the united halal certification system in ASEAN should be done with an effective and efficient process, especially because China is the main trading partner of ASEAN.

