

Fruitful Achievements of Heilongjiang Province in Construction of Online Silk Road

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Abstract

In recent years, *Heilongjiang Province* has constantly been improving and upgrading the e-commerce development model, and successfully opening up Online Silk Road, actively docking the Belt and Road and participating in the construction of the Sino-Mongolian-Russian economic corridor. This paper analyses the foundation of Heilongjiang Province's Online Silk Road construction combs its development status and further proposes the challenges and problems in the construction process. Finally, the paper puts forward prospects and recommendations for the development potential of e-commerce concerning cooperation with Russia and agricultural products.

Keywords: Heilongjiang Province; Online Silk Road; development status; the prospect

JEL Classification: F23

1. Introduction

The online Silk Road is a multi-domain and multi-level information economy belt based on the "Internet Plus" formed by China and the countries along *the Belt and Road* to strengthen network interconnection and information exchange. With its geographical advantages and its comparative advantages in the Internet field, Heilongjiang Province promoted the rapid development of the Internet economy in Russia, fostered a new digital trade format represented by cross-border e-commerce, and promoted online and offline collaborative promotion of customs clearance logistics and financial services. With the cooperation in the field of the Internet, we will promote the construction of a new pattern of all-round cooperation with Russia [1].

The structural framework of the paper is composed of three main parts. The first part is concerned with the foundation of Heilongjiang Province's Online Silk Road construction. Especially in the era of science and technology, the popularity of the Internet has greatly increased, and the awareness of people's online shopping has become stronger. On this basis, Heilongjiang Province has also used its industrial transformation to build a new era of digital trade and help its

economy improve. The second part expounds that in the process of building Online Silk Road, Heilongjiang Province has issued some favourable policies and actively upgraded the development of software and hardware facilities to support e-commerce cooperation with Russia, which achieve remarkable results. Russia, especially the Far East, is an important strategic partner of Heilongjiang Province. With the effective cooperation in the Internet field, Heilongjiang Province and Russia can continue to extend cooperation in various fields.

2. Foundation of Heilongjiang Province's Online Silk Road Construction

2.1. Steady increase in the number of Internet users in China and Russia

The following table [2] [3] shows that the development of cross-border e-commerce between China and Russia has unique advantages in terms of online consumer groups (Table 1). In February 2017, Heilongjiang Province issued the "13th Five-Year Development Plan for Information and Communication Industry in Heilongjiang Province", which was to build a special channel for Harbin international com-

Table 1
Statistics on the number of internet users

Russia			China			Heilongjiang		
Year	Number	% of the total population	Year	Number	% of the total population	Year	Number	% of the total population
2012	>70million	49.0%	2017	77.20 million	55.8%	2015	17.07 million	44.5%
2017	87million	60%	2018	80.20 million	57.7%	2016	18.35 million	48.1%

Source: the author.

Table 2
Effective documents

Year	Name	Goal
2016.12	Harbin City Promoting Modern Logistics Innovation and Development City Pilot Three-Year Action Plan (2016–2018)	Creating a regional logistics organisation centre for Russia Building a Sino-Russian cross-border e-commerce logistics platform Smooth access to international logistics channels for Russia, Mongolia and Europe
2017.01	Implementation plan for promoting rapid development of e-commerce in Harbin	Actively carrying out the establishment of a national e-commerce demonstration system and the construction of a cross-border e-commerce pilot city Striving to build Harbin into a centre city for e-commerce in Russia in three to five years
2018.07	Harbin International Aviation Hub Strategic Planning	Positioning Harbin as an international aviation hub that radiates Northeast Asia Unicom Europe and America

Source: the author.

munication and actively create information for Russia. Communication hub; by 2020, the access rate of 1G fibre optic access at important ports will reach 100%. Among the seven goals identified in the Plan, it is specifically proposed to build an information and communication hub for Russia actively, and therefore, the capacity of cross-border communication networks has been dramatically enhanced [4]. It can be seen that the continued growth of Internet users in China and Russia has laid a good foundation for the development of cross-border e-commerce between China and Russia and Heilongjiang Province's Online Silk Road construction.

2.2. Rapid changes in the mode of trade and transportation mode and frequent promulgation of effective documents

Historically, compared with coastal provinces, Heilongjiang Province is remote, with high logistics costs and long transportation time. There are inherent limitations and shortcomings in foreign economic and trade exchanges. Taking trade with Russia as an example, before 2014, China and Russia had insufficient capacity to handle cross-border mail at both ends. Also, the customs clearance policy was cumbersome, and the mode of transportation was backward. The international parcel delivery time was 40–75 days, which was far from

Table 3
E-commerce demonstration system

City/zone	Category	Approval authority
Harbin, Daqing	National e-commerce demonstration city	National Development and Reform Commission
Harbin, Mudanjiang, Suifenhe	Cross-border trade e-commerce service pilot city	China Customs Administration
Harbin Economic and Technological Development Zone, Suifenhe Border Economic Cooperation Zone, Daqing E-commerce Industrial Park, Mudanjiang Economic Development Zone, E-commerce enterprise park	National e-commerce demonstration base	Ministry of Commerce, China
Heilongjiang SEG International Trade Co., Ltd., Heihe Zhongji E-commerce Co., Ltd., Heilongjiang Russian Express International Logistics Co., Ltd. Etc.(8 enterprises)	E-commerce demonstration enterprise	Ministry of Commerce, China

Source: the author.

meeting the actual demand. In recent years, as the most important online commodity supplier in Russia, China has become a new trade growth point for the two countries. With the rapid growth of the Sino-Russian e-commerce market, Heilongjiang Province has actively used the existing open ports to Russia to vigorously develop the logistics industry and accelerate the transformation and upgrading of the cross-border e-commerce trade model and transportation mode. The following table cites Harbin city, the capital of Heilongjiang Province, as an example to illustrate it [5] [6] [7] (Table 2). As a central city and aviation hub city for cooperation with Russia, Harbin has built a comprehensive logistics network covering Russia, including roads, railways, waterways and aviation.

The promulgation of these documents provides an important policy-leading guarantee for Harbin to carry out cross-border e-commerce to Russia. From the first flight in November 2013 to June 2017, the Harbin-Yekaterinburg e-commerce cargo charter had shipped 355 flights, with a total cargo capacity of nearly 500,000 pieces and a weight of 7,525 tons. In the first half of 2017, Harbin Airport carried out 85 classes of cross-border e-commerce charter flights to Russia, transporting goods of 1,830 tons, an increase of 130 per cent.

3. Fruitful Achievements of Heilongjiang Province's Online Silk Road Construction

3.1. Remarkable results of e-commerce demonstration system construction

The following table shows that Heilongjiang Province, as the traditional trade province, is vigorously promoting "Internet + trade" and exploring a new model of cross-border e-commerce business between China and Russia, which has achieved fruitful results [8] (Table 3).

3.2. Software and hardware upgrade of E-commerce service [9] [10]

3.3. Better function of cross-border e-commerce platform and rapid development of the industrial parks

At the beginning of 2014, there were 95 self-built e-commerce platforms in Heilongjiang province, including 19 cross-border e-commerce platforms dominated by Russia. The business scope covers commodity sales, logistics, payment, trade matching and integration of cross-border e-commerce industry chains. Services, etc.; enterprises and individuals in the province opened 39,000 stores on third-party platforms. These platforms

Table 4
The status quo of hardware and software development

Hardware support	Software support
Convenient traditional trade channels(railway, highway)	Various cross-border e-commerce integrated service platforms
Flourishing e-commerce parks	A large number of Chinese and Russian bilingual business professionals
The emerging border warehouses and cold chain logistics networks	The emerging cross-border e-commerce online payment platform
Professional big data platform construction	“Internet+” expansion into many fields such as tourism education, culture and equipment manufacturing, etc.

Source: the author.

and merchants sent more than 1.7 million international parcels to Russia in the first quarter. An average of nearly 20,000 items per day was sent to Russian consumers through cross-border e-commerce platforms. At that time, the “Double 11” cross-border parcel reached a historic peak of 200,000 pieces per day [11].

In 2016, Heilongjiang province’s e-commerce platform reached 145, and 44 local pavilions were opened in major e-commerce platforms such as Taobao and Jingdong. There were more than 40,000 stores of various types, and the number of online merchants in the province reached 101,800.

At the beginning of 2017, among the 32 e-commerce industrial parks in the province, there were four national-level e-commerce demonstration bases and 1,368 settled enterprises. Until the end of 2017, eight companies in Heilongjiang had 19 overseas warehouses in Russia.

3.4. New channel opening of cross-border e-commerce air transport

The Internet era has opened not only a new era of economics but also a unique way for the transformation of traditional enterprises. With the opening of the Russian cargo charter, the average period of cross-border electronic logistics delivery between China and

Russia in Heilongjiang Province was shortened from nearly two months to 13 days (the fastest four days), which made Russian buyers feel the speed of Heilongjiang e-commerce. In December 2013, Russian Ural Airlines opened a cargo charter from Harbin to Yekaterinburg. Subsequently, the Harbin-Novosibirsk route and the Harbin-Krasnoyarsk route were opened. Harbin Taiping International Airport became the gateway airport to the Russian Far East. Customs, border inspection, health inspection and other departments have opened green channels to facilitate airlines and cargo owners. The cargo charter operated more than 100 flights a year, with a total cargo capacity of 2,000 tons, and the value of goods exceeded 200 million US dollars, accounting for 40% of the total amount of e-commerce logistics packages. In 2016, the number of international postal parcels to Russian by freight charter and passenger and cargo mixed mode reached 8,814,400, with a cargo weight of 2,218.09 tons and a value of 175 million US dollars. Until the end of 2017, a total of 414 flights had been shipped to Russia’s cargo charter flights, with a value of US\$ 1.02 billion, exceeding the US\$ 1 billion mark [12].

With the opening of logistics, nearly 5,000 domestic appliance manufacturers and 8 million Internet users in Russia had begun to enjoy high value-added logistics experience and had

Table 5
The status quo of cooperation with giants

Year	Enterprise Giant	Goal
2013.04	Alibaba (Sino-Russian Cloud Warehouse)	Utilising the advantages of the Suifenhe Golden Port to establish a low-cost, convenient, safe and efficient, and internationally-accepted e-commerce trade platform for Russia.
2015.08	Jingdong Group	Working together to develop cross-border e-commerce business in the Far East
2015.10	Tencent Group, Jingdong Group	All-dimensional cooperation in urban services, cross-border e-commerce, green food, tourism, big data, innovation and entrepreneurship, social and people's livelihood
2017.04	ZOL	Creating regional characteristic industry development, promoting kinetic energy conversion and structural upgrading.

Source: the author.

great potential for improvement in trading, trade services and financial services. Taking Heilongjiang Russian Express International Logistics Co., Ltd. as an example, the recent logistics orders to Russia increased by 200%, accounting for nearly 40% of the total domestic exports of mail to Russia, and built the first brand image of cross-border logistics. Self-developed big data order operating system and warehouse management system by Russian Express International Logistics Co., Ltd. for the first time enables real-time track query tracking for cross-border logistics packages. From January to October 2018, 164 sorties were carried to Russian charter passengers, with 7 million pieces of parcels and 1,658 tons of parcels, and the income reached more than 200 million yuan. Through Russian parcels to Russia, the e-commerce charter from Harbin, flying to Yekaterinburg, Russia's logistics hub, for six and a half hours, was sent to the internet users by the Russian Post Office.

3.5. New path of Cross-border e-commerce land transportation

Russia: In November 2014, Russia Post set up the Far East Distribution Center in Vladivostok, which was only 220 km away from Suifenhe. After the Russian Far East buyer placed an order online, the logistics company directly transported the goods to the distri-

bution centre through Suifenhe. Thus, parcels can be no longer posted bypass the "Harbin (or Beijing)-Moscow headquarters-Far East distribution centre" line, which saves half of the transportation time.

China: Since the operation of Harbin-Europe train from 2015 to 2017, a total of 665 classes had been shipped, with a value of 1.18 billion U.S. dollars; in 2017, 461 classes were shipped in total, with a value of 800 million U.S. dollars, which showed that the volume of transportation was accelerating.

3.6. All-dimensional strategic cooperation with e-commerce giants

The table 5 shows that Heilongjiang Province has important development potential in the field of "Internet +" in the information industry. The cooperation with the e-commerce giants promotes to upgrade Heilongjiang Province's industrial structure.

4. Conclusion

In September 2018, General Secretary Xi Jinping carried out the inspection in the north-east of China and made an important speech at the in-depth promotion of the Northeast Revitalization Symposium. He who claimed to deeply integrate the Belt and Road and build an open and cooperative highland, which was

to lead the direction and inject momentum to better participate in the Belt and Road and to create a new pattern of opening up to the outside world for Heilongjiang Province. Heilongjiang Province should take advantage of the 4th Oriental Economic Forum to give full play to the geographical advantages adjacent to Russia, continue to focus on promoting multi-directional connectivity to Russia, and build a new platform for cross-border cooperation development and opening up. With regard to the level of economic and trade cooperation with Russia, Heilongjiang Province will strive to promote Heilongjiang Province's cooperation with Russia and open up a new pattern for all countries in Northeast Asia such as Japan, South Korea, North Korea and Mongolia [13].

The paper points out the countermeasures on Heilongjiang Province's Online Silk Road construction concerning the development potential of cross-border e-commerce and agricultural e-commerce as follows:

First, there is still room for growth in total e-commerce demand. The volume of e-commerce transactions and online retail transactions at home and abroad still maintain rapid growth. Heilongjiang Province should actively

participate in industry competition and seek opportunities;

Second, the influence of green organic agricultural products and under-forest products in Heilongjiang Province has been continuously improved at home and abroad, and has become a brand of online retail transactions;

Third, new technological changes will continue to trigger changes in e-commerce business practices. Heilongjiang Province should study the technological trends of e-commerce platform development, strengthen the training of e-commerce platform operating enterprise systems, and organise research on the new mode of the e-commerce platform. Heilongjiang Province should study an effective way to reduce the cost of e-commerce logistics, and improve the logistics distribution system to get through the last mile of distribution. Agricultural products speed up the construction of agricultural products outside the province in the main sales area, cross-border goods to increase the construction of overseas warehouses and border warehouses. It is necessary to strengthen the connection with upstream and downstream enterprises and strengthen cooperation in the fields of design, packaging, marketing and talents [14–16].

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CONFLICT OF INTEREST

The author confirms that this article content has no conflict of interest.

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Заметные достижения строительства «Шелкового Пути Онлайн» в провинции Хэйлунцзян

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Аннотация. В последние годы в провинции Хэйлунцзян постоянно совершенствуется и модернизируется модель развития электронной коммерции, в том числе Шелковый Путь Онлайн. Активно реализуется проект «Один пояс, один путь» и идет строительство китайско-монгольско-российского экономического коридора. Анализируя состояние развития проекта «Шелковый Путь Онлайн» в провинции Хэйлунцзян и связанные с этим задачи и проблемы, автор предлагает конкретные рекомендации по развитию потенциала электронной торговли в части сотрудничества с Россией в области сельскохозяйственного производства.

Ключевые слова: провинция Хэйлунцзян; Шелковый Путь Онлайн; статус развития; перспектива