

# THE CHINESE WAVE: CROSS-BORDER E-COMMERCE DEVELOPMENT IN AFRICA

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## ABSTRACT

*E-commerce has become a key player in trade and revenue growth, and its major result is that it can measure development. This is of great significance to third world countries and developing countries that still maintain a gap between development and trade activities. Africa is a rapidly developing region. China's intervention in road and railway construction, building, agriculture, Information Communication Technology, mining, water conservancy and dam technology, general installations, and infrastructure improvements, etc. contribute to the development of Africa. Africa has a growing community of online users, and the representation of e-commerce consumers is increasing. African/Chinese governments and traders are exploring e-commerce to promote trade. Need to find its benefits, influence, and impacts on cross-border trade and economic development.*

**Keywords:** China, Cross-Border, Africa, E-commerce, Development.

## INTRODUCTION

E-commerce is an avenue for the creation of an electronic market and trade environments with little reference to traditional commerce sets. E-commerce platforms can be consumer-to-consumer, business-to-business, business-to-consumer, etc. Most activities involving the provision of goods and services are completed without extensive input from end-users. Consumers only need to explore options, advertisements, payment methods, and logistics considerations. The e-commerce sector in Africa is sprouting and is currently exploring the application of customized applications in various fields. This includes greater involvement of stakeholders in demand, supply, market analysis, technology, and innovation. Online users and e-commerce forums in Africa are increasing yearly. Some viable sectors of the African economy welcome Chinese participation. The contribution of these sectors means that China's aid and trade are inevitable for the economic development of its trading partners (in this case, Africa). The major challenge of this development is the lack of infrastructure.

China is a country with a large population of about 1.3 billion people in a vast territory, and the distribution of cities and transportation networks restrict trade. Understanding the impact of e-commerce on the largest e-commerce market like China may also reveal the demand for e-commerce and its broad impact on a country.

The study considers that China has a large population and a large rural population, which is still called a developing region. This provides insights into several goals of e-commerce within a country and considers the cross-border relationship that Africa shares with its trading partner, China. These goals include fast transactions, restricting middlemen, increasing production,

diversified windows, outsourcing, and other revenue and growth factors. These goals of e-commerce also directly indicate reducing congestion, reducing vehicle traffic, reducing living costs, and improving living standards with all things being equal. It continues to reduce the impact of environmental pollution and overcrowding. Africa is a hot spot for e-commerce, not only because it promotes trade (by developing trade) but also because it is a third world region and is developing. It allows basic and rough testing of products and services.

Exposure to commodities makes foreign commodities available in rural areas, reduces costs, and improves access to better commodities. In China, this increase is due to an alleged decline in the price of high-quality goods by 6% to 16% (International Trade Centre, 2016) due to high demand and ease of receiving goods. China's rapid growth is also because it can welcome more trading partners as it also benefits that partner, thereby increasing e-commerce.

Chinese consumers need to understand the quality and reputation of goods purchased from overseas (Nielsen, 2016). About 20% online shoppers buy goods from foreign vendors. Cross-border online shoppers have a keen interest in expensive and rare items in local stores. An example of this includes medicines, dietary supplements, etc. In other small cities in China, HNWIs prefer foreign goods. The high price may be caused by additional costs such as transportation, which bodes well for the seller country and its customs authorities.

Recently, Africa has received intervention from the Chinese government and even e-commerce giants such as Alibaba. The major player in the Chinese e-commerce market is Alibaba. The rapid development of e-commerce in China is due to China's size and a booming economy (Ibam et al., 2017); when the Internet first entered the country, its retail sector was relatively poor; and the government's investment, infrastructure, and taxation policies, these policies are conducive to the development of e-commerce and related logistics and services. The size and growth of the market are leading to massive investments in infrastructure.

For Africa, China's success in the e-commerce is incredible, and China is in a strategic position to promote its e-commerce goals. Government statistics show that as of 2014, China had 649 million Internet users, of which 178 million were Chinese in rural areas (International Trade Centre, 2016). One aspect that troubles the African market is the general lack of infrastructure, and the problem of introducing regions into online transactions, like Taobao villages. The success is almost accepted, and Taobao villages have shown that they have increased the participation of rural areas in e-commerce (Zhao et al., 2008; Uzoka et al., 2007; Ibam et al., 2017).

The African environment allows e-commerce startups to try new technologies to provide products and services. In China, business managers and stakeholders of e-commerce should have good awareness and response to technological infrastructure and framework. About ten years ago, management's views on the factors affecting e-commerce heralded a bright future, based on organizational structure, environmental, and personal constraints.

China's e-commerce was established not to promote development, but to provide innovations that can be applied, tested, and improved in the future. This e-commerce-driven market is conceived as creating an environmentally conscious and user-friendly interaction between buyers and sellers in the state (Stylianou et al., 2003). This allows interested parties, start-ups, and potential stakeholders to see the soaring business environment. Africa has a variety

of opportunities that interests investors like China. Due to resources, relatively cheap labor, lack of social infrastructure, weak government, and poor transportation systems etc. When there is a difference between wants, the exchange becomes possible. It has increased trade methods and exchange frameworks.

E-commerce provides firms, businesses, online shoppers, buyers, logistics personnel, etc. with resources for growth in the coming decades. China's economy is developing rapidly, and it has maintained double-digit GDP growth since the early 2000s until the decades before the 2008 global economic recession. Due to its enormous size and high growth rate, China is touted as the world's largest Internet and telecommunications market. Brands such as Huawei, Tecno, Infinix, ITEL, Xiaomi, Transsion Corp, and others have dominated the African phone and technology market. Even other companies like Oppo and Realme have entered the African market and provided today's African consumers with low-cost and cheap smart phones.

China has also contributed to the manufacturing, design, testing, and market analysis of major telephone and accessory brands. Giants in the phone market such as Samsung, iPhone, and Nokia use China's economic and industrial might to indirectly build e-commerce capacities in China and Africa. By interfacing and interacting with existing technologies in viable markets, China can gain knowledge and improvements in its market (Stylianou et al., 2003).

Today, China's e-commerce is futuristic, and innovative forecasts have been made to improve the current infrastructure. Although China's retail market is not good in terms of price, e-commerce did not have its rightful place until the second half of the first decade. This has caused problems for the electronic commercialization of the African market, lack of considerable economic growth, lack of technology, low GDP, and insufficient infrastructure. China is a successful example of overcoming the constraints facing Africa, but Africa has a more powerful and basic retail market system.

In China, business-to-business development was at an infant stage in the early 2000s. The lack of certain business infrastructure delayed the projections of the 1990s. Due to overpopulation, traffic, and environmental challenges, we preconceive the development of the e-market. A major issue is a need for the e-market framework required for e-commerce. The government needs to help the e-commerce market because IT companies are required to provide technical support and services, such as customer service, data modeling, etc.

Mauritius is an East African country with a population of 1.3 million. As of 2017, the country's GDP was approximately US\$13.27 billion and the per capita income was US\$10,130. Mauritius has established a viable competitive market for start-ups, foreign trade, and e-commerce. Mauritius opens its market to investors so they can easily conduct business in the African market. Unlike most African countries, Mauritius has limited trade relations with China. However, Mauritius trades with China through imports from Asia, and the United States is its major export partner.

This country has rich mineral resources, land, metal ores, textiles, gems, and has commercial, financial, and industrial prowess. The International Monetary Fund (IMF) estimates that by 2018, Mauritius' ease of doing business will increase GDP by 3.8% (National Economy, 2018), and the country ranks first among the top 20 countries. The Government of Mauritius emphasizes innovation to improve its market viability and promote growth. The country has

interesting prospects in services, information, and communication technology (ICT), tourism, marine economy, real estate, and education. No wonder China seeks an interest in reaching a trade agreement with the island nation of East Africa. China also maintains a good processing trade sector in the foreign trade market, and Mauritius is one of the good sectors. The government also plans to increase economic growth through the manufacturing sector, by improving infrastructure, transportation, ports, and smart city development and realizing new opportunities in the financial services and tourism sectors. Mauritius is a country that has opened its doors to e-commerce. It also hopes to improve technologies related to ICT, computing, payment methods, and network frameworks.

Most of the bilateral trade in cross-border trade between Mauritius and foreign countries is accomplished via preferential market access and trade agreements. For example, the Common Market for Eastern and Southern Africa (COMESA), the South African Development Community (SADC), the United States (according to AGOA), the Continental Free Trade Agreement came into effect in May 2019 after the island country's ratification.

China has established a comprehensive pilot zone for cross-border e-commerce to support trade and exchanges in novel ways. This is to keep China's import and export procedures active. The saga of COVID-19 caused the country's growth rate to drop in the first three months. China has plans to revitalize its e-commerce to stabilize foreign markets. China has benefited from processing trade, which accounts for about 20% of China's foreign trade (Huaxia, 2020).

### Objectives of the Study

1. *Study the development trend of cross-border e-commerce and China's influence on the development of e-commerce in Africa.*
2. *Identify the factors that promote the development of China's cause in cross-border e-commerce (politics) in Africa.*
3. *Analyze the state, trends, and dynamics of African business development that need to catch up with the world globally.*

### Research Questions

1. *How do cross-border e-commerce and China's influence on e-commerce development affect Africa?*
2. *What are the reasons for promoting the development of China's cross-border e-commerce (politics) in Africa?*
3. *How do the state, trends, and dynamics of African trade affect the impact of meeting global expectations?*

## LITERATURE REVIEW

These trade agreements can increase African exports to China. For example, Zambia has benefited from obtaining loans and aid programs. In 2018, Sino-African trade volume was estimated at US\$185 billion, which is an increase from US\$155 billion in 2017.

China encourages major participants in e-commerce, especially those in Africa, to increase their awareness of technological infrastructure and their perception and responses to the feasibility of e-commerce models. The management of the e-commerce framework provides

perspectives on various environmental, organizational, and personal factors that give people an understanding of the future of e-commerce in Africa. These models allow the technological framework to examine different factors that affect e-commerce. They also help organize commitments to trade, growth, and innovation (Stylianou et al., 2003). Early in the millennia, Chinese e-commerce companies encountered financial shortages, lack of technological support, and poor business environment in online transactions.

Some studies (Liu et al., 2008) use the eight factors of technology, organization, and environmental framework to evaluate how to build e-commerce to promote development. The impact of e-commerce can be measured across a country or region or industry. Research conducted through statistical analysis shows that technology and user-friendly e-commerce procedures and controlled information and security systems play an important role in promoting the development of e-commerce in the region. The growth and development of start-ups do not consider the initial stage and size of operation (Liu et al., 2008).

In 2016, besides China's top spot in the e-commerce field, it is predicted that China will increasingly participate in cross-border e-commerce. By 2020, China has almost become a leader in global cross-border e-commerce, Because of Africa's participation in trade with China and the improvement of bilateral relations between the two regions. On the one hand, China has open the door to goods and services from abroad, but its e-commerce market is growing very fast and exponentially. The influence of manufacturing in China has also helped in the development of e-commerce. The e-commerce market should be open to investment by local and foreign stakeholders, thereby increasing travel, distribution, logistics, manufacturing, and access to the elements of local and foreign brands through Internet usage to satisfy consumers and traders. According to the "*China Internet Watch*", it estimates that by 2020, China will become the world's largest cross-border e-commerce market.

Large Chinese companies engaged in e-commerce have a proactive approach. Even in the consumer drone market where DJI manages 74% of the global market share, 35% of the bill of materials for each drone is American content. Like Alibaba's Cainiao, JD Logistics has invested heavily in automation and 5G technology to achieve logistics delivery at a faster speed, thereby eliminating the human constraints and using more smart forklifts. The Chinese market is constantly evolving, and its business model is complex and sometimes completely different from everything available around it (Matthews, 2020).

If you want to establish SMEs in Africa through e-commerce, solve the needs, language problems, local knowledge, market, logistics, and acceptance of the technology. These enterprises can promote the economic growth of a country. Some countries are drawing on the clues of China's rapid rise in this field and are studying ways to incorporate them into very measurable economic models. The annual plan was forecasted. For example, India's Pranjul Bhandari and Prithviraj Srinivas stated that tailor-made online transaction art developed based on China's e-commerce model will bring 12 million new jobs within ten years by 2025 (Bloomberg, 2016). They further implied that if these models follow Chinese recipes and thus make Taobao recognized among pastoral Chinese, millions of jobs could be added. Africa (like China and India) has more rural areas, and cross-border e-commercialization will be attributed to the adoption of existing urban practices in these areas.

Taobao sends out 3 million shipments daily, which limits the scope, but if it is resolved, it may also expand the horizon of opportunities. To achieve this speed, Alibaba Group plans to build a network of warehouses across the country for US\$4.6 billion within five years (Kearney, 2018).

China's investment in Africa is a long-term game. This is true because although Africa has development potential, it is still a long way off. However, the promise of achieving common economic growth is an excellent investment. China is the world's largest Internet user, and its extensive customer base means that Africa is open to investors from multiple markets. China has strengthened the capabilities of many start-ups and SMEs via e-commerce. The leader is the subsidiary of Alibaba. Taobao, Alibaba Group, Cainiao, Aliyun; JD and DJI. Due to competition, business strategies such as mergers & acquisitions (M/A), massive consumption, low profits, high trade volume, comparable prices, and marginal utility, the digital ecological space is booming. The rapid expansion of the digital ecosystem into companies that can aid trade and e-commerce means that it may become an essential part of conducting retail business or cross-border e-commerce (Woon, 2020).

According to a report by the International Trade Center, areas outside China will encounter shortcomings in establishing the most advanced e-commerce. This is to establish trade with partners, but must also enjoy China's growth in this field. China has its own time to face the challenges related to e-commerce entrepreneurship and expansion, and Africa will have to face these challenges as well. Based on research, several variables have been used to measure the development promoted by e-commerce. These variables revolve around business processes, influence, policy, technology, business size, security, and usability, etc.

Zhao developed a conceptual model to help evaluate the value-added via business-to-business e-market. It can also determine the market complexity of activities in the Chinese business-to-business e-market. The study is based on two cases in the Chinese e-markets and uses a process-oriented approach to model value creation. This model is mainly used to solve two factors: how the transaction is conducted and how to manage complexity. Explains the strategy of creating value through business activities and planning in the prominent four-stage process. The complexity control model in the activity is also evaluated in the model. The research results show that a method of studying the dynamic structure of the e-commerce market process can improve the e-market in Africa by comparing the uniqueness of the Chinese market. (Zhao, 2008)

Seventeen years ago, based on research on environmental, political, and economic development constraints, it was believed that China would become a major player in the e-market for ICTs. Researchers believe that due to China's population growth and the standardization of the political system, if the trade is reflected in technology, the development of e-commerce will inevitably occur (Stylianou et al., 2003). This encourages initiatives to enter rural areas via the Internet and technology and expand development through e-commerce. This is an example of China's interest in Africa because e-commerce started in China's cities. African countries such as Zambia, Zimbabwe, South Africa, Nigeria, and Kenya are major trading partners with China. In terms of wealth distribution, population, and balance of payments, Africa as a continent is comparable to China, but it is inferior to China in terms of infrastructure and

technological progress. The gulf between the two trade regions provides an opportunity for China to invest in development and may help the continent realize the best interests of sovereign states.

Employable Africans are unemployed, and some do not understand technology. E-commerce and China's efforts to expand the economy in Africa began while invading Africa. Mauritius is a country with a good e-commerce market. The People's Republic of China and Mauritius completed negotiations on the Free Trade Agreement (FTA) in September 2018, and the agreement is expected to take effect only after ratification. China and South Africa, an international alliance quintessential of Africa's version of a developed state. The trade alliance between the state and the other three countries also provides a way to seek help to promote trade and economic development among the BRICS countries.

The e-market facilitates the procurement of goods and services and makes many buyers and sellers announce their interest in obtaining goods and services. If different people want the same thing, then buyers, sellers, and other amenities and social infrastructure will be simplified. E-commerce is closely related to logistics and describes trade as it relates to location and distribution. Logistics will affect whether it is within the boundary or across the boundary by land, air, or sea. The development of e-commerce helps to improve China's economic growth. One way e-commerce promotes growth is via the emergence of small-scale industries and distribution centers. These small industries and distribution centers have a greater flow of goods and an increase in the number of employees.

The number of jobs directly generated by e-commerce is commendable because it opens the door for companies to expand their business scope and therefore easily expand their capabilities. The case study is the development of the wooden furniture industry in Shaji town. From 2007 to 2015 (8-years), Shaji has over 4,000 e-commerce traders, 15,300 employees, and 3,000 online stores (International Trade Centre, 2016). The other way e-commerce can have a significant impact on the African market is by increasing the turnover rate in rural areas because they accept online shopping. These methods can be applied to agriculture, furniture, gardening, forestry, fisheries, poultry, etc. Manufacturing can be employed for start-ups in rural areas. The measurable part of e-commerce growth is via active online users and the availability of various goods and services.

### **Balance of Payments Statistics**

Technically, overseas e-commerce should record the import or export of goods or services in the balance of payments statistics. Digital goods acquired on the Internet are sometimes referred to as intangible goods, or not declared to customs/appropriate licensing agencies. At other times, there are local governments or sellers, wholesalers, and providers of goods and services that have to deal with corruption. Most countries/regions provide caps to distinguish products that will be taxed at what tax rate and some other countries/regions place restrictions on certain e-commerce products that can be declared for the balance of payments statistics. In New Zealand, shipments below the specified number may not be recorded in trade statistics and are therefore referred to as under-covered areas.

It is necessary to explore methods for estimating the value of e-commerce goods and the sales of digital products purchased via the Internet. *“Digital trade is a novel term. However, most studies based on the balance of payments statistics involve trade services related to or enabled by ICT, rather than cross-border exports of digital products.”* Some countries do capture ICT services in their balance of payments in the sections covering communications, computer services, and information services. It is recommended to exclude information services (supporting ICT) from the *“ICT service category”*.

The definitions of information services or communication services, including e-commerce, are different and may range from available technologies, logistics to payment methods. Services include manufacturing and processing assistance, agricultural assistance, data processing, artificial intelligence, block chain, database management, data modeling, and maintenance. For example, a communication transaction may refer to payment for transmission rather than content. Another view is that certain categories such as courier services may be related to e-commerce, and there is little data available at this level of detail. *“United States, home to two of the largest courier services in the world, includes courier data in the broader category of airfreight.”* Computers and information services can be classified as downloadable content, but courier services classify such as intellectual property transactions. Issues related to renting, licensing or purchases of certain products are important for classifying balance of payments estimates. This can be done by prioritizing the purpose of use, which is useful for the correct analysis of e-commerce data.

China has the world's largest economy, partly due to continuous improvement in GDP, and positive balance of trade. China has exported goods and services worth US\$2.5 trillion to approximately 70% of the world's countries (Blazyte, 2020). This figure itself increased by 9.9% over 2015, and the substantial increase, shows that the world's dependence on industry, manufacturing, processing, ICT solutions and current e-commerce valuations all depends on China. China accounts for 13.3% of global exports in 2019 (**Workman, 2020**).

## RESEARCH METHODOLOGY

The scope of this research is to critically view e-commerce as a means of economic growth as it pertains to China's relationship with Africa. We used several case studies to examine models that can help us emphasize various impacts, such as economic relations, the world's e-commerce market, and comparative studies of online markets. The study determined how the expansion of online participation has affected trade between Africa and China. It analyzes the market infrastructure and how emerging medium-scale e-commerce platforms sprout on a global scale. Conduct case studies to understand how government trade builds connections and relationships. We examine how large e-commerce companies use trust, payment methods, e-commerce frameworks, and security to promote development. We see how research supports new strategies, plans, and projections, technology & innovation, trade agreements, and infrastructure in e-commerce development across nations.



## Chinese Trade

China conducts an enormous amount of trade with other Asian countries, accounting for nearly 50% of its exports, while Europe and North America follow closely behind, accounting for 19.9% and 20.1% respectively. Chinese exports received in other regions decreased. Latin America and Oceania countries (Australia and New Zealand) received 4.2% and 2.3% of China's total exports, respectively. Only about 4.5% of Chinese exports arrive in Africa (Workman, 2020).

However, due to the e-commercialization of the African production sector and various trade relations between the two parties, Africa provides China with a competitive advantage. Although the African market provides only commodity market, the various markets carry many choices from different countries. Some Asian and African countries (such as Ghana and Nigeria) have a low degree of economic diversification, and the marginalization pattern of their economic growth rates is similar to the global prices of their principal exports. Since the start of the 2019 trade year, trade between sub-Saharan Africa has increased by 3.5% and its growth has increased from below -20% in 2015 to around 15% in 2018. Since the start of the trade war between China and the United States, there was no much hope for China in 2019.

The direct impact will mean reducing business dealings with some partners in Asia and the United States. The report of the United Nations Conference on Trade and Development pointed out that exports of some developed countries and other East Asian countries have shrunk. This is the direct consequence and impact of the trade war. It is the economic weakness of some economies. Usually, when China's exports decline, there was a decline in imports, because they maintain cyclical foreign trade, which makes imports and exports part of the same global value chain.

In 2019, Nigeria is China's largest African export trading partner, followed by South Africa. In 2019, China's largest exporter to Africa is Algeria. China has turned to investments in Europe, Asia, and Africa, government regulation of taxes and quotas, better trade policies, and open markets to strengthen its foreign market capabilities. China's attitude towards the development of e-commerce in Africa reflects this effect. This attitude is to help transport, farmers, etc. by infiltrating technology companies and building infrastructure.

China has the advantage of being a big manufacturing country, and it has cheap labor, energy, and technological advancement. It has improved its e-commerce capabilities and strives to continuously promote e-commerce to its rural cities. After the global financial crisis in 2009, Chinese companies purchased brands, distribution chains, expatriates, and technology to obtain cheap capital to enter the wealth of a country, thereby purchasing depressed assets. The global reliance on Chinese goods and services means that its growth and access to technology have helped the Chinese government establish an e-commerce framework.

E-commerce is facing network security issues, and the State Council of China has proposed security guidelines to contain this threat. The guide includes supervised audits, comprehensive security reporting, and monitoring, and its purpose is to *"reduce the number of Internet connection points."*

China is increasingly investing in several African countries to exploit its reserves and obtain resources needed for China's economic growth, especially in the Democratic Republic of

Congo, Zambia, Congo, Mauritius, Zimbabwe, Gabon, Tanzania, and South Africa. According to 2016 data from the CIA World Fact book, China can easily become the major ruler of several countries. Eritrea, Angola, Congo, DR Congo, Mauritania, and Guinea lead the way to export to China. Kenya, Ethiopia, Togo, Madagascar, Tanzania and Nigeria, all regards China as their main importer.

China's assistance to trade activities seems to help Africans increase trade. However, according to statistics on trade with superpowers, like China, trade with China is also vertical. China still has a positive impact on Africa through certain infrastructure donations and trade assistance. Through the gravity model, it can be seen that China's exports benefit from their investment and donations to African countries.

To enable African countries to accelerate their development speed, reduce their dependence on donations and assistance, technological improvements, and e-commerce capabilities to build stronger economies. Reliance on donations has also created an economic order, which is not fair and unstable for African countries. However, the Chinese government has been considering free trade agreements, bilateral trade relations, and more transparent agreements to establish stronger ties to help African countries approach developed countries. Africa may need to increase its influence to avoid over-dependence, bad debts, and loss of sovereignty.

Since 2000, China has paid US\$130 billion in 13 years. Unlike the United States aids package to Africa, China's aid is mostly under scrutiny and suspected of interfering with and plundering resources on the continent. Unlike the United States, the Chinese government assists in Africa unconditionally, and the United States requires that conditions be met before receiving assistance. Sometimes people think that this action is seen as a stumbling block to the efforts of Western democracies to improve governance and democracy in Africa. China is becoming an option for traditional Western donors and is the country that provides the most assistance in Africa. The Chinese market is Africa's largest trading partner.

China's presence in Africa provides Africa with a choice, because US aid will not stop, but will only allow bilateral trade between African countries and superpowers. Studies have shown that Chinese aid has had a positive impact on China-Africa bilateral trade because it is not subject to any restrictions. The aid provided by the United States has no impact on bilateral trade between the United States and African countries. Both the United States and China have a positive impact on their exports to the state's economy. This can be explained by: the recipient African countries imported more products from the donor countries after receiving the aid. The research continues to show that the positive impact of trade with African countries on Chinese imports may be related to the aid received (Liu et al., 2018; Dong, 2017).

Foreign and international trade constitutes part of China's overall economy. A few decades ago, China was still a second world country, and a large part of its trade with less developed countries was funded through loans, grants, and credit balances (Brautigam, 2020). Some Asian countries (such as Indonesia, Myanmar) enjoy this preference, while African countries (such as Ghana, Algeria and Egypt) are aid targets that make trade with China possible.

## Infrastructure and Economy

China is famous for its railway network, ranging from train manufacturing to railway construction, and providing infrastructure services abroad. China has made progress in the railway infrastructure of the African continent. For example, it has established a railway network for countries, such as Nigeria, at the end of 2007 and 2018. China has joined the ranks of the elite countries and made high-speed trains in the country.

China's land size and population makes innovation a necessary condition for fulfilling logistics needs. For economists, five of the world's fastest-growing economies are from Africa. At the same time, the development gap between China and some of its trading partners (like Brazil, India and South Africa) is enormous. Experts say this gap is largely due to China's splint's focus on infrastructure and maintenance projects, so China spent approximately 9% of its GDP on infrastructure development in the 1990s and 2000s. Investment and differences in other areas of the economy provide Africa with opportunities to invest in infrastructure development. Based on this, China can achieve the best economic growth.

The Chinese government has been exploring ways to enhance its e-commerce capabilities. The state, through close cooperation with leading private sector technology moguls, and the military, through reforms and funding, makes science and technology an essential part of social and economic development and works closely with them. This is to promote economic growth and development in areas closely related to e-commerce. The areas involved include education, infrastructure, high-tech manufacturing, commercial applications, advances in artificial intelligence, and have become world leaders in some of these areas.

Although Chinese companies are supported by the government, they have made no progress in developing business models and supporting China in seeking more economic foundations. Amore feasible reason seems to be modern colonialism or the existing feudal system, it is the pursuit of power, and the transactions conducted in cross-border trade with Africa enable the country to experience it, and based the African market as a testing ground, a springboard to improve one's situation or China's polity.

## China-Africa Trade

Large Chinese brands with e-commerce capabilities are seeing Africa as a land full of potential. Certain forecasts highlight positive forecasts, with the African e-commerce market estimated at US\$16.5 billion in 2017. By 2022, growth will reach US\$29 billion. According to McKinsey's data, in 2025, half of Africa's population (approximately 100 to 1.5 billion) will be connected to the Internet, and the e-commerce market may exceed US\$75 billion, which is a direct consequence of online business.

The African Continental Free Trade Agreement (AfCFTA) promotes ties between China and Africa. A trade agreement between one of the world's most valuable and fastest-growing economies marks the development of Africa's technology and e-commerce (Kituyi, 2020). In 2000, the trade volume between China and Africa was only US\$10 billion. By 2014, it had grown to US\$220 billion. Today, China has become Africa's largest trading partner, replacing the trade between the United States and Africa (Europe Asia Times Desk, 2017). Africa is the

fastest-growing urbanized region in the world, and China has placed itself at the heart of the so-called and planned infrastructure development in Africa. As at 2017, the IMF maintains Africa had seven of the world's 20 fastest-growing economies.

Chinese companies are benefiting from their intention to assist China via the African Continental Free Trade Agreement (AfCFTA). The 55 African Union member states and China constitute the world's largest free-trade zone, covering approximately 2.5 billion people. The trade volume in 2017 was approximately US\$148 billion. According to statistics from the General Administration of Customs of China, in the first and second quarters of 2019, China's total imports and exports to Africa were US\$101.86 billion, an increase of 2.9% (Smith, 2020). Making or receiving payments is an indispensable part of e-commerce and is often the reason people don't trust the system. In sub-Saharan African countries (such as Kenya, South Africa, Nigeria, Ghana, etc.), these countries/regions are exposed to platforms such as MPesa, JumiaPay, Quickteller, Moneygram, PayPal, Western Union, etc. Others make use of Bitcoin and other forms of crypto currency.

China has issued a US\$1 billion "*Belt and Road*" infrastructure fund to 38 sub-Saharan countries. China has also issued a US\$60 billion Africa aid package, to promote relations between the two countries. The trade and investment ties between China and the countries along the "*Belt and Road*" are unique. The project aims to construct and maintain routes on railways, land, and sea in China, Central Asia, Europe, and Africa. "As the super-platform spawns and the well-planned digital ecosystem expands and provides users with a higher value proposition, it is only a matter of time before it reaches low-income customers in Africa (Seltzer, 2018)".

### **China's Success: An African Prototype?**

E-commerce has the major advantages of the untapped African ecosystem in the expanding vision of the digital market and ecosystem (Seltzer, 2018). Alibaba Group may (shortly) adopt services such as Alipay, Facebook, Taobao, Adclick, and Ant Financial to help e-commerce businesses in a developing African country. It has been launched on a large scale in Nigeria (Seltzer, 2018). This combination can maintain financing, solve logistics problems, and provide incentives such as promotion, advertising, and other information. Credit and financial service provision constitute an important part of the financial system and accelerate the digitization process. Logistics companies are often tortured by many restrictions. These factors can lead to delayed delivery, lost packages, undeliverable, mixed drops, etc. To avoid this situation, companies can explore to provide more services and work together to cover a larger range of large-volume goods. There may also be personalized or business-centric networks that outsource products and services to third parties. Logistics companies can merge or form viable partnerships to better serve consumers (Kearney, 2018).

The use of e-commerce in agriculture will require the transformation of farmers into digital markets. Limiting risk factors, encouraging trust, fast logistics, warehousing, reliable and generally accepted payment methods, quality analysis related to the crops (or commodities) provided, and understanding of demand and supply chains will help African farmers and agricultural interest Stakeholders maximize the potential of e-commerce. The prices of these

commodities depend on the impact on costs, from lack of infrastructure to data management/security issues.

### **Africa's Little Beginnings**

These platforms have sought to invest in emerging African companies and have conducted training to enhance e-commerce capabilities. In Africa, several e-commerce platforms such as Jumia, Kilimall, Konga, Takealot, and McAfee have established a firm foothold in the African market. As of March 2020, out of the 4.59 billion population of the African continent, there are approximately 526.7 million users. The Internet penetration rate in Africa is about 39.3%, while the global penetration rate for Internet users is 62.9% (Ngware, 2020).

Kilimall is an online store in Africa, especially an online store created by a Chinese founder in Kenya. Some former Huawei employees have a good trade record in bringing supplies (mainly Chinese products). Coffee, wine, and other commodities are exported from African countries, and they are shipped with Chinese products. An online store in Nigeria, Jumia, has recorded 6.4 million annual active users by 2020 and is growing by 51% annually (Gill, 2018). Like other African e-platforms, the company also needs to build its platform to fit the best framework. The Chinese are also eager to provide experience and development for e-commerce in Africa. By 2020, China's Internet users will reach 900 million, and e-commerce activities such as real-time streaming and shopping will promote e-commerce consumption (Lin, 2020).

### **Moving Forward**

In Africa, educating consumers about online purchases and security is tedious. China has a high demand for foreign products, and Africa can learn from China's successful development plan. A confident consumer base is essential for the survival of e-commerce. E-commerce is constantly developing, and Africa can understand the trends recorded in the Chinese market and conduct cross-border and local trade electronically. Online e-commerce platforms have increased the number of stakeholders willing to conduct consumer-to-consumer transactions, thereby increasing transaction volume and sales; mobile phone stores are on Taobao. Concentrating on regions and expanding to new locations helps solve logistics, delivery problems, and improve consumer and product availability. This is very similar to what is obtainable in Taobao villages, which is very rare in Africa.

Improving the business-to-consumer trade, even if it is not as far-reaching as the C2C business, can provide higher-quality products and services, and encourage standardization across business frameworks (Kearney, 2018). Find out how Internet users perceive the benefits of the Internet in a survey. 72% of Internet users from Ghana believe that increasing connections can bring economic benefits. About half of the other participants from sub-Saharan countries (such as Kenya, South Africa, and Nigeria) believe that greater connectivity to the Internet means more economic benefits. Stakeholders from the African side must acquire technical knowledge on how to connect with suppliers, vendors, and consumers. You can also do this to build partnerships. Managers, producers, and stakeholders should be enlightened on the method of successful digital

marketing, because it brings some untapped opportunities such as agriculture, technology, capital gains, etc.

As of March 2020, 710 million Chinese shop online in China, an increase of 100 million compared to 2018. Online shopping transactions reached US\$1.5 trillion, a yearly increase of 16.5%. In the past seven years, China has easily become the world's leading digital consumer market (Lin, 2020). Real-time streaming e-commerce will stimulate users' perceptual consumption, thereby stimulating online consumption in China, and making real-time interaction possible, thereby helping them to make purchases and encouraging them to purchase.

### **Addressing African Challenges**

African vendors and/or suppliers can obtain products purchased from the Chinese market/industry. Some areas of Africa are poorly located on the map, almost unrecognizable on GPS, or street names are unknown. Social and building infrastructure must be established to help African markets succeed in e-commerce. Allow the managers of e-commerce platforms to start from scratch, provide a variety of products that have competitive advantages for consumers and competitors.

E-commerce sometimes depends on the volume of transactions and the reasonable price that satisfies customers. The platform should consider the existing infrastructure, logistics, and payment structure. The framework should avoid encountering bottlenecks and constraints. E-commerce in Africa faces the task of displacing the retail market or providing a serious competitive advantage, transparency, and accessibility.

The variety of products available should target all spheres of income earners. The great reliance on traditional retail and forms of cross-border trade means that e-commerce can be advanced, but it remains unexploited on the African continent. Traditionally, it has been reported that Internet use is more common in countries/regions with higher Purchasing Power Parity (PPP). In terms of usage rate, sub-Saharan Africa has the lowest internet usage rate. It was found that 41% of people in six countries use the Internet. South Africa (59%) is the only country in the region where at least half of the population is online.

As more Africans go online, there are new opportunities to use the Internet for education, business, and communication. All these can help and promote the development of e-commerce. These opportunities mean that online participation and increased awareness must be matched by a well-established e-commerce platform. Key players must provide logistics, structured online payment means, and a framework supported by government and consumer-friendly infrastructure.

China is also testing its innovative applications, which can be used directly in e-commerce in a real-life politically tense scenario. In Xinjiang Uyghur cities, AI surveillance technology has been used to check crime and enhance security. Sense Time, a leader in AI technology, has produced and exported many surveillance technologies and non-security products, such as computer vision machine learning related to autonomous vehicles. This boosted the market and helped societies on all continents. China is also moving forward through innovative AI research and a leading position in the digital technology market.

China provides a favorable environment for the technology and electronics industries, and most of the global consumer e-products carry the label “*Made in China*”. According to reports, 65% of the world’s personal computers and 85% of mobile phones are manufactured in China, and not all parts are manufactured in China. China provides a melting pot for the technological world.

For example, China not only provides considerable investment in the technology and infrastructure of electronic manufacturing in the drone market but also plays a central role in the global supply chain of certain e-products. MIC 2025 is China’s response to competitors in the commodity or export market, to avoid and overcome industry bottlenecks, and provide commodities in large demand. Its purpose is to help the middle-class demand higher-quality goods. The Chinese government seeks to use the productivity of low-end manufacturing to improve its level because foreign companies are doing well in high-tech industries. The concept plans to improve ten strategic industries that have an impact on e-commerce. They include: Power equipment (fossil fuel, electrical, nuclear, renewable energy); information technology (AI, ML., Smart appliances); Green Energy and Green Energy vehicles; agricultural equipment; new materials; aerospace equipment; railway equipment; Marine engineering equipment and high-tech vessels; robotics; pharmaceuticals and medical equipment. China plans to work tirelessly to maintain GDP growth because it plans to double GDP in 2010 to make MIC 2025 a reality. The impact of the coronavirus on China’s growing economy and e-commerce remains to be seen.

## DISCUSSION OF FINDINGS

E-commerce enables traders to display their products online to achieve geographic and economic satisfaction. Traders in rural areas take advantage of e-commerce development by allowing the fabrication and sale of high-quality products. In the long-run, fierce competition has never been an option, but they have stable offline and online business operations. Contrarily, encourage businesses to continue to introduce or develop more innovative products. The development of the Internet on the African continent means that rural areas can be reached.

China’s experience shows that e-commerce can be applied to rural areas, not just too high-income earners or high-tech industries. E-commerce also provides employment opportunities for semi-skilled and unskilled workers in the labor force, underdeveloped and developing countries, and rural areas.

In Africa, China may sell goods and inventories of poor quality or overproduction, which is the major pillar of providing some form of stability to the Chinese. The negative consequence of Sino-African trade is that it has only gone one way because China did not buy manufactured or industrial products from Africa, and cheap Chinese imports flooded the local market, making it difficult for local industries to compete. Cheap Chinese-made products have also led to the collapse of some African retail industries, but it has increased the purchasing power of poor African consumers (Dong, 2017).

Given the current global growth, African leaders want to build infrastructure first, but they are also aware of the need to strengthen local industries and economies. African countries following the Western experience, not China’s experience, and the global trend of soaring global demand for raw materials and commodities, are accustomed to carefully studying transactions to

avoid repeated exploitation and shortchanging by the Chinese with efforts to encourage local, long-term development. In Nigeria, some protectionist laws concerning cheap foreign goods were enacted in 2003. These laws are inspired by some Chinese immigrants who want to develop local industries.

China's demand for Zambia's copper is quite high. The Zambian government is signing a proposal to ensure that China monitors mining during the processing of copper in Zambia. Zambia is not the only country whose leaders negotiate an open policy with China, but Senegal also maintains a similar policy, involving cooperation with Senegalese companies or nationals. This unique policy allows Senegalese businessmen to obtain visas when they work in western China and import Chinese goods into Senegal. In some other countries, these policies encourage the transfer of knowledge and technology to local companies and African workers.

Regarding China's increasingly important role in the growth and development of sub-Saharan Africa, there is an ongoing dialogue among policymakers, private companies, and civil society. The prosperous Sino-African trade stems from a gradual memorandum aimed at understanding partners and other key players in the economic field. Their policies, the participation of local companies, MSMEs, start-ups, private companies, cross-border traders, and civil society (Pigato and Tang, 2015).

The Ethiopian government is a good example. Inexpensive but skilled labor, coupled with active efforts to win over Chinese investors, give Ethiopia the right to invest heavily in labor-intensive industries (Pigato and Tang, 2015). Usually, half of the gap in Africa requires work on infrastructure maintenance and development, workforce development, good governance, and innovation strategies for many companies on the continent.

## CONCLUSION

From the previous discussion, China will expand the scope of its business activities by promoting cross-border e-commerce business, but on the other hand, Africa will benefit the most from this initiative. Therefore, e-commerce business is essential to strengthening the Afro-Chinese trade relations. However, to make Africa truly consistent with the pace of development in Africa's e-commerce trade, some outstanding issues need to be resolved.

For one person, it is necessary to establish a comprehensive ICT infrastructure and network system to support this trade growth. Likewise, broadband data should be affordable and available even in rural areas to promote growth. To make cross-border e-commerce flourish, stakeholders should be allowed to seek innovation and provide training and education for consumers and managers. For development, e-payment methods should be used and the effects of distrust should be addressed. The increase in the types of goods available on the market (foreign and local) has also improved cross-border trade. Similarly, allowing the registration of trademarks and e-commerce systems operating in the country/region will create a favorable environment for logistics and distribution networks. The government should invest in cyber security and measures to monitor transactions. It should also revise outdated and unhelpful trade policies.

This research will broaden the horizon of China's influence on cross-border e-commerce in Africa and lay the foundation for further research.



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