



Cross-border exports: Introduction to e- commerce Chapter 2

Amazon Global Selling is present worldwide in 17 overseas stores including North America, Europe, Japan, Australia, and the Middle East, with 300 million active accounts and millions of customers. To help sellers deploy their global business, this chapter will introduce you to cross-border export e-commerce related content and a detailed case study is attached for your interpretation.

2. Why cross-border export e-commerce?

Why cross-border export e-commerce? In 2020, the sudden outbreak of the COVID-19 pandemic promoted the acceleration of e-commerce in global consumer retail. We will introduce national policy support and the preferences of different foreign consumers in the following chapters.

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There are four chapters in this course. If you wish to learn about other chapters, please look for them under [Related Topics](#).



2.1 Why cross-border export e-commerce?

Introduction:

In 2020, the sudden outbreak of the COVID-19 pandemic promoted the acceleration of e-commerce in global shopping.

Online shopping will become the new normal of overseas consumption and this will provide the cross-border export e-commerce industry a huge increase in space. For example, in North America, e-commerce orders have increased by 129% year-on-year as of April 21, 2020. Nearly half (43.2%) of the respondents said they would do more online shopping. From age groups, it can be seen that 48.4% of millennials mentioned that they will continue to shop online while more than 35.8% of the "traditional" population (ages 55-74) also mentioned that they will participate in online shopping¹.

The pandemic has accelerated the transition of consumer behavior from offline to online.



During the pandemic,
32% of global consumers mentioned that they switched from offline to online shopping



If the pandemic continues,
43% of global consumers say they plan to do more of their shopping online

Source:

1. Yotpo <https://www.yotpo.com/blog/survey-how-is-covid-19-changing-consumer-e-commerce-trends>



In addition, companies also urgently need to find new space to grow as competition intensifies in Singapore's domestic market. As the next-generation mainstream trade form, cross-border export e-commerce can help companies enter the global e-commerce market quickly, including: Consumer markets in developed countries have huge space while reserved market profits in developing countries are also higher, which are classic blue ocean markets.

With the gradual maturation of the cross-border export e-commerce industry chain, the difficulty and threshold for conducting cross-border export e-commerce have gradually decreased.

- On the one hand, the maturation of the industrial chain is reflected in the increasingly abundant and intelligent supporting services in cross-border export e-commerce websites. At present, cross-border export e-commerce logistics services have a global reach. Foreign warehouses and local fulfillment also have professional service providers.
- On the other hand, the professional specialization of cross-border export e-commerce ecology is becoming more and more mature. Professional service companies are present at various aspects in the foreign trade chain.

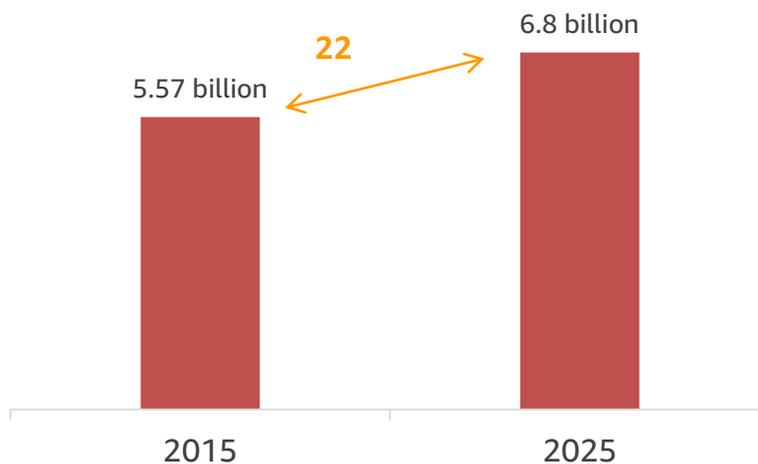


Therefore:

1. The prospect of cross-border export e-commerce is great

The e-commerce market in Singapore is currently one of the fastest-growing and most promising markets in Asia, and the main e-commerce market in Southeast Asia. It is in a leading position in technological development and digitization. According to data from 2019, 60% of the total sales in the e-commerce market came from cross-border orders.¹

The e-commerce industry is expected to contribute a total of US\$6.8 billion in 2025, an increase of 22% over 2015. This means that there will be enough room for the growth of the e-commerce industry in Singapore in the next five years, and the ecosystem welcomes new players.²



The domestic market is small and the economy is highly export-oriented in Singapore. The government has been actively participating in and promoting the process of global trade liberalization, supporting cross-border e-commerce and taking various measures to help businesses formulate e-commerce strategies at home and abroad as well as increase sales and productivity. More and more businesses use Singapore as a base to reach overseas customers in neighboring countries.

Before the outbreak of the COVID-19 crisis, the outlook for the retail industry in Singapore was bleak. In January 2020, the retail sales of Singapore fell by 5.3% year-on-year.³ It was the 12th consecutive month of decline. In the course of the COVID-19 pandemic, many Singaporean retailers have been adversely affected. The Singapore government agency "Singapore Business" has launched an e-commerce booster package to help local business complete the online business of cross-border export e-commerce.

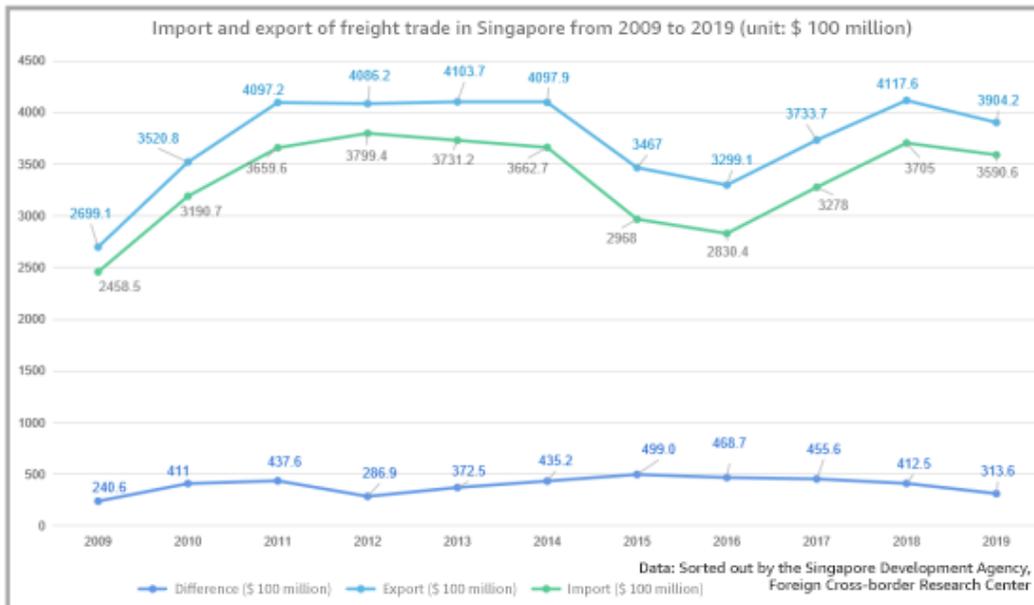
Source:

1. Data source: Forrester Research
2. Data source: Companies
3. Data source: IE Singapore



2. Singapore maintains a long-term trade surplus

From 2009-2019, Singapore continued to maintain a trade surplus. Specifically, the top five sources of Singapore's trade surplus are China Hong Kong, Indonesia, Vietnam, Thailand, and the Netherlands respectively.



In 2019, total exports were \$ 390.42 billion (down by 5.2%); total imports were \$ 359.06 billion (down by 3.1%). The trade surplus was \$31.36 billion (down by 24.0%). Among them are China Hong Kong (\$40.89 billion), Indonesia (\$11.76 billion), Vietnam (\$9.32 billion), Thailand (\$7.70 billion) and the Netherlands (\$5.47 billion) ¹

Source:

1. Data source: IE Singapore



China is the largest export country for Singapore

China, China Hong Kong, Malaysia, Indonesia and the United States are top five export regions for Singapore. Among the top 15 countries in Singapore's export, only export to South Korea has decreased, while export to Saudi Arabia, the Philippines and the United Kingdom has increased by more than 35%. ¹

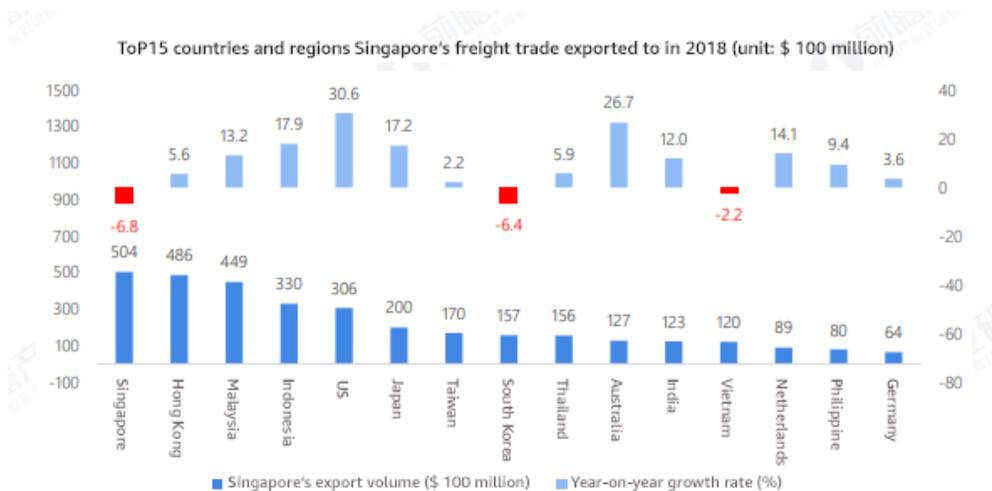
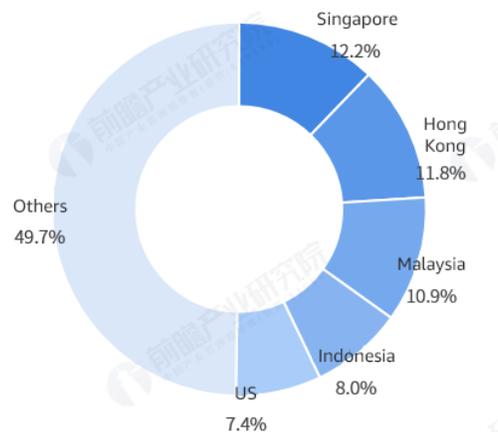


Chart 5: Distribution of major export countries and regions of Singapore's freight trade (over \$ 30 billion) in 2018 (unit: %)



Data source: Sorted out by the International Enterprise Singapore, FORWARD Industry Institute

@APP

Source:

1. Data source: Data and Outlook of Global Trade from World Trade Organization



In terms of global export, mechanical and electrical products, mineral products and chemical products are main export products for Singapore. In 2018, total exports were \$187.47 billion, \$54.15 billion and US\$43.63 billion, accounting for 45.5%, 13.2% and 10.6% of total exports of Singapore.¹ It is worth mentioning that although oil reserves in Singapore are relatively poor, it is the world's third largest oil refining center and one of the world's oil trading centers. Therefore, Singapore has a mature industrial system in which imported crude oil is smelted and processed before being exported to refined oil. It becomes one of the world's largest oil exporters.

From the perspective of the country/region composition of the five major categories of export products, China is the only common coverage area among the top five countries and regions.

Country / region structure of Singapore's five categories of export products in 2018 (unit: \$ 1 million, %)

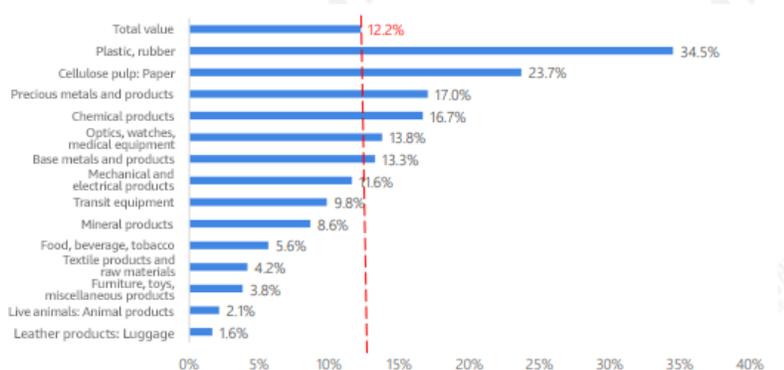
HS84-85: Mechanical and electrical products			HS25-27: Minerals			HS28-38: Chemical products		
Countries and regions	Amount	Proportion	Countries and regions	Amount	Proportion	Countries and regions	Amount	Proportion
Hong Kong	35914	19.2	Malaysia	13264	24.5	Singapore	7273	16.7
Singapore	21761	11.6	Indonesia	10310	19	Belgium	3801	8.7
Malaysia	19921	10.6	Australia	5881	10.9	South Korea	3023	6.9
US	17395	9.3	Singapore	4681	8.7	Japan	2872	6.6
Taiwan	12064	6.4	Hong Kong	2869	5.3	Indonesia	2810	6.4

HS90-92: Optics, watches, medical equipment			HS39-40: Plastic, rubber		
Countries and regions	Amount	Proportion	Countries and regions	Amount	Proportion
US	3665	17.5	Singapore	6220	34.5
Singapore	2891	13.8	Indonesia	1886	10.5
Japan	1783	8.5	Malaysia	1804	10
Malaysia	1472	7	India	1289	7.2
South Korea	1260	6	Vietnam	995	5.5

Top five export countries and regions among the five categories of products
Overlay: Singapore
Singapore is the third largest oil refining center in the world

The export amount of plastics and rubber from Singapore to China accounts for 34.5% of Singapore's global exports of the product, ranking first. Secondly, the export of cellulose pulp, paper, precious metals and products, and chemical products is also quite large.²

Proportion of the product exported from Singapore to in the total export of the product in 2018 (unit: %)



Source:
 1/2. Data source: Data and Outlook of Global Trade from World Trade Organization



Appendix: Explanation of terms in this chapter

Customs Territory:

Customs territory is a territory in which the Unified Customs Act is enforced. Under normal circumstances, the customs territory and borders are the same. However, the customs territories of some countries and regions are not completely consistent with their borders. For example, some countries have a free port or free zone that is not within the borders of the country and the customs territory is smaller than the border. On the other hand, some countries that have concluded customs union arrangements and their territories are unified.

Customs Territory:

Tariff:

Tariffs are taxes levied on importers and exporters by the customs established by the government when imported and exported commodities pass through a country's customs territory.

Customs clearance:

Customs clearance refers to the procedures for declaring imported and exported goods to the customs before shipment.

Value Added Tax (VAT):

VAT is the abbreviation of Value Added Tax. It is an after-sales value added tax that is commonly used in EU countries, that is, the profit tax on the selling price of goods. For example, when goods enter the United Kingdom (according to EU laws), an import tax is paid for the good. When the goods are sold, the merchant can refund the import value added tax (IMPORT VAT) and then pay the corresponding sales tax (SALES VAT) based on the selling price.

ASIN (Amazon Product Number):

ASIN (Amazon Standard Identification Number) is a unique number compiled for Amazon's own products that is automatically generated by the Amazon system and does not need to be added by the seller. If it is a book, the ASIN code is equivalent to the universal ISBN number. The ASIN is usually located in "Product Details" or below "Product Information".

Related topics

Introduction to cross-border export e-commerce during the pandemic

- What is cross-border export e-commerce?
- Why cross-border export e-commerce?
- Essentials and misconceptions of cross-border export e-commerce
- Successful cross-border export e-commerce cases

Please refer to "Amazon Seller University" to obtain more practical courses on cross-border export e-commerce seller operations.

Paths: Amazon Seller Central > Performance > Seller University > Search for the name of learning materials

Quick links: Amazon Seller University [North America Stores](#), [Europe Stores](#), [Japan Store](#)