
CROSS BORDER E-COMMERCE: ANALYZE CHALLENGES AND OPPORTUNITIES FOR BUSINESSES ENGAGING IN CROSS-BORDER ECOMMERCE OPERATIONS

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ABSTRACT

The term "cross-border e-commerce" describes the exchange of goods and services via online platforms between countries. Businesses are becoming more and more involved in cross-border e-commerce operations as globalisation progresses in order to reach a wider audience and access new markets. To ensure success in their cross-border e-commerce endeavours, organisations must navigate the various challenges and opportunities presented by this expansion. The purpose of this study is to examine the main obstacles and possibilities that companies involved in international e-commerce operations must overcome. Furthermore, businesses involved in cross-border e-commerce have opportunities due to technological advancements and digital platforms. Through the application of artificial intelligence and data analytics, organisations can acquire significant understanding of consumer behaviour, preferences, and market trends. Cross-border e-commerce presents a plethora of opportunities for enterprises to grow and enter new markets. To completely take advantage of the opportunities, organisations must, however, overcome obstacles pertaining to global regulations, supply chains, and logistics. Through strategic approach, technology and resource investment, and the development of trustworthy alliances, companies can effectively manage the challenges of cross-border e-commerce and attain long-term expansion in the international market.

Keywords: Data Analytics, Endeavours, Global regulations, Leveraged, Plethora

INTRODUCTION

Using e-commerce websites to promote products or services to clients in different nations is known as cross-border e-commerce. Known as international e-commerce, it offers a significant opportunity for businesses seeking to expand their customer and market reach. However, it also comes with a number of risks and difficulties that need to be carefully thought through and examined. In this paper, I will discuss some of the major challenges and opportunities that face businesses that engage in international e-commerce.

A significant barrier to cross-border e-commerce is the multiplicity and complexity of laws and regulations that are applicable to different states, cities, and countries. Numerous laws and regulations pertaining to taxes, tariffs, customs, data protection, consumer rights, product safety, intellectual property, and other matters must be followed by businesses. Depending on the jurisdiction, these laws may be quite different and frequently changed. There could be fines, penalties, legal action, or even exclusion from certain markets if they are broken. As a result, before joining a new market, businesses must conduct thorough research and due diligence and keep up with any developments.

The logistical and operational challenges of distributing goods and services across borders are another issue with cross-border e-commerce. Businesses must make sure they have dependable, affordable shipping and delivery solutions that can satisfy the needs and preferences of their clients. ¹Additionally, they must deal with matters like localization, currency conversion, payment options, fraud protection, returns and refunds, and customer support. These problems may have an impact on the company's reputation, profitability, and customer happiness. To overcome these obstacles, businesses must connect with reputable and knowledgeable service providers and invest in technology and infrastructure that can support their cross-border operations.

Additionally, cross-border e-commerce also offers many opportunities and benefits for businesses that can successfully navigate the challenges. Access to a broader and more varied consumer base, which can boost sales and revenue, is one of the key opportunities. By the year 2026, Statista projects that the cross-border e-commerce business will be worth 2.25 trillion dollars.² If overseas vendors have better prices, quality, variety, or novelty, many customers

¹ *Guide to cross border ecommerce - market finder by Google*, GOOGLE. (Oct 23, 2023, 3:45 pm) https://marketfinder.thinkwithgoogle.com/intl/en_gb/guide/cross-border-ecommerce.

² HOQUE, M.R. AND BASHAW, R.E., CROSS-BORDER E-COMMERCE MARKETING AND MANAGEMENT 10 (IGI Global 2021).

are willing to purchase items from them online. Therefore, by providing goods or services that appeal to clients around the world, firms can take use of their competitive advantages and set themselves apart from their local rivals.

The possibility to lower costs and risks by diversifying the sources of income and demand is another advantage of cross-border e-commerce. Businesses may be able to cut labour or manufacturing costs by sourcing their products or services from those countries or areas. They can reduce their dependence on a particular market or customer segment by expanding their access to other markets or client segments. They may mitigate the effects of recessions, market swings, or changing customer demands in one market by counterbalancing them with growth or stability in another. Cross-border e-commerce is a difficult but lucrative endeavour that requires meticulous planning and execution. To create strategies that will allow them to benefit from both, businesses must assess the risks and opportunities that come with breaking into new markets. By doing this, they can raise their profitability and level of competitiveness in the global e-commerce market.

STATEMENT OF PROBLEM

Cross-border e-commerce is a quickly expanding industry that gives companies the chance to tap into new global marketplaces and clients. However, it also comes with a lot of risks and challenges that need to be carefully considered and dealt with. These include the complexity and variety of rules and laws, the logistical and operational challenges, the quality of the client experience, the business's profitability, and its reputation. In order to help businesses flourish in the global e-commerce industry, this study will explore the opportunities and obstacles faced by cross-border e-commerce operations. It will also make recommendations for strategies and solutions.

OBJECTIVES OF THE STUDY

- To identify and analyse the main challenges and risks that businesses face while engaging in International e-commerce operations.
- To explore and evaluate the main opportunities and benefits that businesses can gain from entering new markets and customers through International e-commerce.
- To propose and recommend strategies and solutions that can help businesses overcome the challenges and seize the opportunities of International e-commerce.

- To assess and compare the performance and outcomes of different businesses that has engaged in International e-commerce operations in different areas and sectors.
- To assess and compare different Treaties and Conventions formulated between two nations. For e.g., Double Tax Avoidance Agreement (DTAA)

LITERATURE REVIEW

Cross-border e-commerce is a growing and dynamic market that offers businesses the opportunity to reach new customers and markets around the world. However, it also poses many challenges and risks that need to be carefully analyzed and addressed. In this literature review, I will summarize and synthesize the main findings and insights from previous studies on cross-border e-commerce, focusing on the development and challenges of International e-commerce in China, which is one of the largest and most influential players in this field.

According to Liu et al.³, International e-commerce in China's development has been consistent, but there are still a number of obstacles to overcome. These difficulties include, but are not limited to, insufficient talent in the Chinese industry, complicated monitoring and supervision, difficulties in settling tax rebates, payment risks, and a deficiency of scientific management guidelines. To find, compile, and evaluate a paper chosen from worldwide peer-reviewed journals and international conference proceedings published between 2001 and 2020, the writers carried out a systematic literature review (SLR). They found that most of the existing study focused on the current status of International e-commerce in China and the components affecting its development, such as consumer behaviour, government policies, market environment, technology adoption, and business models. They also highlighted the literature gaps and future research themes, such as the impact of International e-commerce on social and environmental issues, the role of intermediaries and platforms, the integration of International e-commerce with other modes of trade, and the comparison of International e-commerce performance and outcomes across different regions and sectors.

Chen et al.⁴ also conducted a bibliometric analysis of International e-commerce research trends related to cross-border e-commerce from 2016 to 2021. They used knowledge mapping and literature analysis to visually analyse and refine the journals, research institutions, keywords

³ MDPI, <https://www.mdpi.com/0718-1876/17/1/4> (last visited Nov. 20, 2023).

⁴ CHEN, Y. ET AL., *A study of cross-border e-commerce research trends: Based on Knowledge Mapping and literature analysis*, FRONTIERS (Nov. 11, 2023, 9:29 pm), <https://www.frontiersin.org/articles/10.3389/fpsyg.2022.1009216/full>.

etc. in this field. The majority of the research, they discovered, concentrated on a few key elements that influenced the growth of cross-border e-commerce, including trust, culture, satisfaction, behaviour, etc. They also identified the main research themes and sub-themes in this field, such as cross-border e-commerce development status and trend study; cross-border e-commerce consumer behaviour analysis; cross-border e-commerce influencing factors analysis; International e-commerce platform construction and operation analysis; International e-commerce policy analysis; cross-border e-commerce logistics analysis; International e-commerce risk management analysis; cross-border e-commerce performance evaluation analysis; etc. They concluded that the research in this field is splintered to a large extent and suggested that future research should pay more attention to the integration and innovation of theories and methods.

In the Financial times, 2021 ⁵covered how alliances and partnerships can help share the dangers of international expansion. Companies might collaborate with a local partner to share the load rather than going it alone. This can be especially useful in situations where there is a lot of political unpredictability. It can be difficult to navigate complex regulatory regimes in overseas markets. Operational efficiencies might result from collaborative partnerships. Operations can be streamlined and costs can be reduced by sharing resources, knowledge, and expertise. Businesses might collaborate on research and development projects, transportation networks, or warehousing facilities. Partnerships can assist assure compliance with local rules and regulations by giving access to local legal expertise, according to a report in The Financial Times 2021.

Taxes are a major worry for e-commerce companies. (VAT), sales tax, and customs taxes are only some of the various examples of tax systems that exist in different nations. The study from The Economist report of 2023 ⁶have covered how tax thresholds and rates might differ greatly, making it difficult for businesses to effectively compute and collect taxes. To prevent double taxation and ensure equitable tax treatment, it is also essential to comprehend international tax treaties and agreements, such as Double Taxation Avoidance Agreements (DTAA). Software, streaming services, and e-books are only a few examples of the digital goods and services that are taxed in e-commerce. The Economist has examined how the changing nature of the digital

⁵ FINANCIAL TIMES. <https://www.ft.com/content/98766d3f-65ad-41c0-84cc-9b6e2757a17c>, (last visited Nov. 12, 2023).

⁶ THE ECONOMIST, <https://www.economist.com/the-economist-explains/2021/10/04/how-do-people-and-companies-avoid-paying-taxes>, (last visited Nov. 12, 2023).

economy poses significant difficulties for both tax authorities and enterprises, as conventional tax laws might not fully cover these contemporary transactions.

In conclusion, this literature review has provided an overview of the main topics and findings of previous studies on International e-commerce, with a focus on the evolution and challenges of International e-commerce in China. It has also highlighted some of the literature gaps and upcoming research directions in this field. International e-commerce is a complex but rewarding endeavour that requires careful planning and execution. Businesses need to analyze the challenges and opportunities that come with entering new markets and devise strategies that can help them overcome the obstacles and seize the advantages. By doing so, they can enhance their competitiveness and profitability in the global e-commerce market.

RESEARCH QUESTIONS

1. What are the main challenges and risks that businesses face when involved in International e-commerce operations in different regions and sectors and how can businesses cope with and overcome the challenges and risks of International e-commerce operations?
2. What are the main opportunities and benefits that businesses can gain from engaging in International e-commerce operations in different regions and sectors?
3. How do businesses identify and exploit the opportunities and benefits of International e-commerce operations?
4. What are the most effective and innovative strategies and solutions that businesses can adopt to enhance their competitiveness and profitability in cross-border e-commerce operations?

HYPOTHESIS

It can be presumed that cross border ecommerce possesses potential risks revolving around the complexity of various domestic and international regulations; since they vary from country to country, they are bound to face logistical and operational hurdles.

METHODOLOGY

The study will use doctrinal approach to collect and analyze both quantitative and qualitative data from primary and secondary sources. The study will use surveys, interviews, or case

studies to collect primary data from cross-border e-commerce businesses in different regions and sectors.

SCOPE OF STUDY

The scope of this study is to examine the challenges and opportunities for businesses engaging in cross-border e-commerce operations in different regions and sectors. The study will focus on the following aspects:

- The difficulties and dangers associated with conducting cross-border e-commerce in various industries. The primary barriers and challenges that companies encounter when conducting international e-commerce operations in these markets will be outlined and examined in the study. These include rules and laws, delivery and logistics, payment and fraud, returns and refunds, customer service and localization, etc. The research will additionally evaluate the intensity and regularity of these obstacles and hazards for various companies operating in various areas and industries.

- The advantages and prospects of international e-commerce in various areas and industries. The primary benefits and inducements that companies can obtain from operating cross-border e-commerce operations in these markets—such as market access, cost savings, product differentiation, customer diversity, demand diversification, etc.—will be examined and assessed by the study. Additionally, the study will pinpoint and take advantage of the advantages and prospects for various companies operating in various areas and industries.

- The approaches and resolutions for global e-commerce activities across various areas and industries. The best practises and lessons discovered from successful cross-border e-commerce operations in these markets will be suggested and recommended by the study. Additionally, the study will make recommendations for the most creative and successful tactics that companies can use to take advantage of the opportunities presented by cross-border e-commerce operations in these markets.

CHAPTERIZATION

1. Main challenges and risks in Cross-border E-commerce Operations

This chapter will focus on:

- Regulatory and legal challenges
- Logistical and operational challenges

- Financial and profitability risks along with reputation
- 2. Opportunities and benefits of Cross border E-commerce Operations

This chapter will focus on:

- Market expansion and customer acquisition
- Diversification of revenue streams
- Innovation and Technology Adoption
- 3. Strategies and Solutions for overcoming challenges and seizing opportunities

This chapter focuses on:

- Logistics and supply chain solutions
- Localization and cultural adaptation
- Enhancing customer trust and Data privacy
- Payment and currency issues
- 4. Comparative analysis of Treaties and conventions

This chapter will focus on:

- Overview of treaties and conventions related to cross border e-commerce
- Analysis of the benefits and limitations of different agreements (e.g., DTAA)
- Implications for businesses engaged in cross-border e-commerce
- 5. Conclusion and Suggestions

MAIN CHALLENGES AND RISKS IN CROSS-BORDER E-COMMERCE OPERATIONS AND THEIR SOLUTIONS

1. MANAGING LOGISTICS AND SHIPPING:

When it comes to international logistics⁷, there are two choices: localised and cross-border. Shipment and fulfilment across borders are comparable, but require additional documentation. It is necessary for localised shipping and fulfilment that businesses keep inventory in any areas that are part of their cross-border plan. One domain in which localization might not be feasible

⁷ AVALARA, <https://www.avalara.com/blog/en/apac/2022/02/the-four-biggest-challenges-of-conducting-business-across-the-border.html> (last visited Oct. 29, 2023).

is logistics. The difficulties of cross-border logistics are made easier by technology thanks to multi-carrier software platforms that let companies grow. If a company has the right logistics partner in place, they can ship to a local hub the same way they ship domestic orders. Your partner will handle risk management, exporter of record duties, and package preparation. The right partner can help you figure out the ideal balance between service levels and International Commercial Terms to lower cart abandonment. Delivered Duty Paid should be included in those terms (DDP). By paying the duties and taxes related to shipping the goods, customers can be given a better, more streamlined experience that will entice them to return for more.

2. CROSS BORDER TRANSACTIONS:

The most difficult thing to do when doing International transactions is to set up a system⁸ for payment. Businesses must recognise how important it is to set up a payments ecosystem suitable for the country in which they conduct business. The ability of a business to offer a straightforward and uncomplicated payment procedure can make or break the enterprise. This is particularly true in markets that are growing quickly and need payment methods other than cash and credit cards. Infrastructure for prepaid cards, mobile wallets, bank transfers, cash coupons, and other services must be set up by a business. For example, when making payments online or offline with a QR code, Singaporeans typically use their NETS ID⁹. Customers in Poland, however, prefer pay-by-links, or real-time bank transfers. Frequently, companies risk-losing clients if they are unable to provide a seamless payment experience. Interoperable platforms with transparent shipping and custom duty prices and the ability for users to shop in their local currency will see a decrease in abandoned carts.

Businesses must implement strong payment procedures and accept payments in the preferred method of the customer in order to operate successfully in other markets. In order to offer worldwide payment solutions, SQLI has partnerships with numerous payment solution providers, such as Klarna and Tabby. These companies enable online shoppers to make purchases, pay for them in instalments that can be given monthly or within 30 days after delivery, all without using a debit card during the check-in process. While retailers work hard

⁸ Brandl, R. (2022) *Top E-commerce challenges for 2023 and how to overcome them: TechTarget*, CUSTOMER EXPERIENCE. (Nov 12, 2023, 8:12 pm)

<https://www.techtarget.com/searchcustomerexperience/post/Top-e-commerce-challenges-for-2023-and-how-to-overcome-them>.

⁹ *Cross-border e-commerce: Five common challenges and solutions*, SQLI, (Nov. 18, 2023, 7:12pm), <https://www.sqli.com/uk-en/insights-news/blog/cross-border-e-commerce-five-common-challenges-and-solutions>.

to enhance the online shopping experience, customers are becoming more and more demanding in terms of payment options. Merchants must abandon the one-size-fits-all approach to payment; the best fit for your area and business will depend on your research into each nation, industry, and consumer type.

3. DEALING WITH CROSS BORDER TAX COMPLIANCE:

Businesses frequently overlook International compliance as a significant challenge¹⁰. Penalties resulting from noncompliance, however, have the potential to significantly reduce earnings. Shipping products abroad can be difficult because every nation has different import duties and taxes. Laws pertaining to International compliance can vary amongst states, countries, cities, and even jurisdictions. Tax rates, deadlines, and regulations may vary amongst taxing and compliance jurisdictions.

Adhering to all local regulations and laws is essential for a business to prosper in any given area. A specialised compliance team can facilitate keeping up with evolving compliance laws. When working with multiple nations¹¹, it can be challenging to keep track of different taxation systems (some may use the VAT, while others may use the GST), as well as differences in tax rates, amounts, and deadlines, among other things. It is advised that businesses choose tax technology solutions that will facilitate compliance. By automating compliance processes, cross-border tax software enables companies to comply with regulations in multiple tax jurisdictions and significantly lowers the risk of tax infractions. Additionally, it alerts companies to tax holidays, enabling them to streamline their compliance procedures.

Providing a seamless online shopping and delivery experience is essential for any business wishing to expand globally. Understanding that the customer has a direct impact on a company's level of success and its establishment in a global market is crucial for cross-border growth. But a solid cross-border trade system is built on cooperation with regional partners and adherence to legal requirements.

4. RETURNING GOODS:

Returning items¹² purchased within a nation can be difficult enough without adding the

¹⁰ Natarajan, M., *11 key e-commerce challenges and how to solve them*, LEARN HUB. (Nov. 11, 2023, 712 pm) <https://learn.g2.com/e-commerce-challenges>.

¹¹ Writer, E.L.S., *8 common challenges of cross-border ecommerce: Strategy & Growth Guide*, PITNEY BOWES (Nov. 12, 2023, 2:45 pm), <https://www.pitneybowes.com/us/blog/8-common-challenges-of-cross-border-ecommerce-strategy-growth.html>.

¹² Mitra, R., *10 possible challenges of eCommerce in 2022 and their solutions*, CEDCOMMERCE BLOG. (Nov. 13, 2023, 3:45 pm) <https://cedcommerce.com/blog/biggest-challenges-of-ecommerce-and-their-solutions/>.

complications that international e-commerce can bring to light. It can be difficult to factor in duty, tax, and untrustworthy delivery services; if you do not do it carefully, you risk losing clients fast. Free delivery and simple returns are what customers want. On the other hand, a business may suffer from too many returns. Better individualised digital experiences that give customers greater confidence in their purchases can help reduce this problem. Augmented reality (AR) tools that let consumers preview products, like trainers or makeup, digitally before they buy them could help reduce this even more.

OPPORTUNITIES AND BENEFITS OF CROSS BORDER E-COMMERCE OPERATIONS

Global tech giants like Amazon, Google, and Facebook (Instagram) are gaining more and more sway over how consumers are contacted by brands. Sales on these large platforms are usually less profitable than direct purchases made through a brand's website. This is partially due to the fact that commissions and marketing costs drive up the cost of a sale and thus affect merchant margins. What steps can brands take to lessen this? In order to become self-sufficient over time, they can think about selling directly to customers throughout the world through International e-commerce. Global e-commerce is expanding quickly as consumers grow more at ease making purchases of goods online. In a recent study spanning 11 international markets, Flow experts found that 67% of apparel customers had made International purchases in the previous year.¹³

1. EXPANDED CONSUMER BASE:

Businesses can now more easily reach beyond their local markets and enter the global economy thanks to the internet. ¹⁴Through cross-border e-commerce, companies can connect with a wider range of potential clients from different places and backgrounds by overcoming geographical barriers. Because International ecommerce gives brands and sellers access to new markets, it benefits both. Regardless of how healthy your current sales volume is, cross-border selling can increase your sales volume exponentially by opening up your online storefront to more untapped markets. By giving millions of potential customers who have not had the chance to purchase your products access to them, you also get to expand your market share.

¹³ Jan-Emile van Rossum, *5 benefits of international expansion*, THE BUSINESS JOURNALS (Nov. 13, 2023, 12:34 pm), <https://www.bizjournals.com/bizjournals/how-to/growth-strategies/2017/12/5-benefits-of-international-expansion.html>.

¹⁴ Kemenes, P., *Cross border ecommerce: All you need to know*, WISE. (Nov. 12, 2023, 3:50 pm) <https://wise.com/us/blog/cross-border-ecommerce>.

2. COMPETITIVE ADVANTAGE:

By operating in several nations, cross-border e-commerce companies can take advantage of economies of scale, which enables them to purchase goods in bulk and bargain with suppliers for lower prices. This lowers their expenses and permits them to provide clients with competitive prices. Offering unique and innovative products that cater to the specific needs and preferences of customers across different countries can give a company an advantage over rivals. This differentiation could take the form of product customization, localization for particular markets, or exclusive partnerships with regional suppliers.¹⁵ Succeeding in the global e-commerce market requires developing a strong brand reputation and trust. Businesses are more likely to draw clients and acquire a competitive edge if they make marketing, advertising, and public relations investments to build brand awareness and position themselves as dependable and trustworthy partners.

3. DEMAND ALL YEAR-ROUND:

You may benefit from steady demand all year long by entering markets in various regions and times of the year. Companies that operate within the same nation frequently find themselves restricted to the same events, seasons, and weather.¹⁶ Nevertheless, selling to a global customer base allows you to benefit from seasonal spikes in demand for your goods. Seasonal surges that happen at different times of the year in different countries and their weather conditions are beneficial to your business.

STRATEGIES AND SOLUTIONS FOR OVERCOMING CHALLENGES AND SEIZING OPPORTUNITIES

The days of thinking of international trade and purchases as a drawn-out, difficult process are long gone. Thanks to the rise in International trade and the widespread use of technology, cross-border E-commerce has reached unprecedented levels these days. Statistics showed that by the end of 2022, International e-commerce reached \$4 trillion.¹⁷ In 2020, over 22% of physical product shipments via e-commerce were made to parties located abroad. Cross-border e-commerce is the online sale of goods to other parties. In 2016, this share was only 15%. Many

¹⁵ Longjun Zhou, *Cross-border e-commerce: Opportunities versus challenges* - RESEARCHGATE. (Nov. 14, 2023, 8:45 pm) https://www.researchgate.net/publication/360292269_Cross-Border_E-Commerce_Opportunities_versus_Challenges.

¹⁶ *What are the 5 benefits of cross-border ecommerce?*, DG1 Group.(Nov. 2, 2023, 3:52 pm), <https://dg1.com/blog/what-are-the-5-benefits-of-cross-border-ecommerce>.

¹⁷ CNXtrans, *The future of cross-border e-commerce: Trends and strategies*, CNXTRANS. (Oct. 12, 2023, 12:34 pm) <https://www.cnxtrans.com/post/the-future-of-cross-border-e-commerce-trends-and-strategies..>

of the brands that are expanding internationally are looking for novel ways to capitalise on the enormously profitable global e-commerce market. Because of advancements in technology, the internet, and the relaxation of international trade regulations, the prospects offered by the global e-commerce market are virtually limitless. But there are still some obstacles that need to be overcome if companies want to benefit from International e-commerce. In addition to conquering these obstacles, businesses ought to develop International e-commerce strategies to capitalise on the worldwide clientele.

1. ADVERTISE AND MARKET LOCALLY:

Your e-commerce brand needs a localised marketing campaign to face the difficulty of International advertising and promotion.¹⁸ Analyse various marketing elements for every target market, ranging from the localization of print media components' content to the translation of a marketing tagline. International e-commerce strategies must consider variables that impact customers, such as events, political inclinations, shopping patterns, culture, and religion. Seeing what your competitors are doing can help you adjust your marketing strategy in a new market. In what way do they advertise their goods? Which means of advertising are they using? What value does the company provide to the intended market? Joining forces with target market marketing and advertising firms that can offer a wealth of information about the target market's purchasing habits is an additional option. Use social media to reach out to these clients, making sure to promote your online store on all of these sites. Make sure you research the social media networks that the target market uses before acting, though.

2. SET UP A LOGISTICS PLAN:

The core of a company's cross-border e-commerce challenges is a logistics issue¹⁹. Consider whether you can establish a dedicated hub that can handle logistics all at once in order to get past this challenge. For instance, you could locate a warehouse close to an airport to reduce delivery timeframes and improve customer accessibility. In addition, investing in warehouse space, performance marketing, end-to-end logistics services, licensing, and franchising can be advantageous for your company.

¹⁸ Srail, N., *Unleashing global opportunities: The power of cross-border e-commerce*, LINKEDIN (Oct. 12, 2023, 12:45 pm) <https://www.linkedin.com/pulse/unleashing-global-opportunities-power-cross-border-e-commerce-srail/>.

¹⁹ Monitor, P., *3 strategies to overcome the challenges of cross border e-commerce logistics*, PARCEL MONITOR (Nov. 14, 2023, 9:28 pm) <https://www.parcelmonitor.com/insights/cross-border-e-commerce-logistics-challenges>.

3. OFFER TAX AND COST TRANSPARENCY:

Price and convenience are the main drivers behind people's purchases from international e-commerce platforms, according to experts on International e-commerce setups.²⁰ This refers to the expenses incurred when shipping a product across international borders, including the applicable tax rate, duty fees, carrier fees, and shipping costs. Each of these expenses affects the overall landed cost that a client must pay. Businesses must be open and honest about the entire amount of landed costs that a consumer must pay when making a cross-border purchase. Consumers now expect to know the entire cost of their purchase, so this is crucial. E-commerce businesses can gain a stronger client base abroad by disclosing the entire cost of landing and the anticipated delivery time. If an online retailer is not completely transparent, customers may decide not to choose them or abandon their online shopping carts.

4. MAKE YOUR WEBSITE EASY TO NAVIGATE:

Make sure your e-commerce website is completely tailored and localised to the language and preferences of your customers when they visit it²¹. Any friction points that prevent a customer from placing an order on your website should be minimised or eliminated. Greeting customers as soon as they visit a business website is one tactic that businesses can use. The company can inform the consumer of the cost of their purchases in their local currency once it has determined which country they are from. It is crucial to inform clients whether the business takes orders from that specific nation and to maintain the website UI as clear and uncomplicated as possible. Additionally, businesses have the ability to give website users crucial information when they shop, like the maximum amount that can be purchased before a duty fee is assessed. By addressing clients in their native tongue, you can facilitate easy cross-border trade and sales by removing any obstacles to communication between the parties.

COMPARATIVE ANALYSIS OF TREATIES AND CONVENTIONS

The most recent development in the e-commerce industry is cross-border e-commerce, which allows sellers to compete with domestic retailers by giving local customers more options by giving them access to the global market.²² The Consumer Protection (E-Commerce) Rules,

²⁰ ProShip Shipping Experts, *Shipping cross-border e-commerce orders: The world is your market*, PROSHIP (Oct. 14, 2023, 5:46 pm) : <https://proshipinc.com/resources/customer-experience/cross-border-e-commerce-the-world-is-your-market>.

²¹ Moritsch, S., *The challenges of cross-border International Trade*, KPMG (Nov. 12, 2023, 1:23 pm) <https://kpmg.com/xx/en/home/insights/2022/04/the-challenges-of-cross-border-international-trade.html>.

²² Editor, I., *Consumer protection (e-commerce) rules, 2020*, INSIGHTSIAS. (Oct. 27, 2023, 4:35 pm) <https://www.insightsonindia.com/2021/03/25/consumer-protection-e-commerce-rules-2020/>.

2020 and other laws pertaining to, data protection, tax obligations, etc. govern e-commerce entities. International treaties and conventions that have bearing on cross-border e-commerce enterprises are numerous. A few of them consist of:

□ **WTO:**

The General Agreement on Trade in Services (GATS) is one of the WTO's agreements that have an effect on cross-border e-commerce.

A comprehensive framework known as the (GATS)²³ governs trade in services between WTO member nations. It includes a broad range of services, such as those connected to international e-commerce. By establishing fundamental guidelines and regulations that member nations must follow, GATS seeks to establish a transparent and equitable environment for the trade of services.

Four modes of supply under GATS govern cross-border service availability:

1. International supply: This delivery model includes the electronic transfer of services from one nation to another, such as through online sales or electronic service delivery.
2. Consumption overseas: In this scenario, customers travel to another nation and use services there. E-commerce platforms, for instance, can be used by someone travelling abroad to reserve lodging or transportation.
3. Commercial presence: In order to provide services, a service provider from one nation may choose to open a branch or subsidiary in another nation. For cross-border e-commerce, this mode is applicable when businesses open physical stores or warehouses in other countries.
4. Existence of natural persons: This mode enables people from one nation to temporarily offer services in another nation, such as remote consulting or freelancing.

□ **UNITED NATIONS CONVENTIION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS (CISG, 1988):**

The Vienna Convention on Contracts governs contracts for the international sale of goods, a treaty of the United Nations²⁴. The United Nations ratified the Sales Convention in 1980, and

²³ Pandey, V., *Choice of law and jurisdiction in e-commerce contract: A comparative study*, SSRN (Nov. 18, 2023, 9:23 pm), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3508836.

²⁴ Navigation, *cross-border ecommerce*, WORLD CUSTOMS ORGANIZATION (Nov. 18, 2023, 6:24 pm) <https://www.wcoomd.org/en/topics/facilitation/activities-and-programmes/ecommerce.aspx>.

it became operative in 1988. More than 90 nations had ratified it as of 2021, including important trading partners like the US, China, Germany, and France. Contracts for the sale of goods between parties with different places of business are covered by the Convention as long as both countries have ratified it. The Sales Convention's establishment of a uniform statute of limitations for bringing claims relating to contract breaches in international sales is one of its main characteristics. As stipulated in Article 35(1) of the Convention, the buyer is required to inspect the goods as soon as reasonably possible after delivery, and he or she must notify the seller of any non-conformity as soon as reasonably possible. This same principle holds true for other types of contract violations. The buyer may forfeit their right to file a claim if they don't provide prompt notice. The exact length of the limitation period is specified by the domestic legislation that is in force in compliance with the Sales Convention. Four years from the date the claim arises does the majority of ratifying nations select the default limitation period. However, if both parties agree, this time frame may be shortened or extended.

□ **DOUBLE TAX AVOIDANCE AGREEMENT:**

The provisions of the Income Tax Act of India pertaining to Double Taxation Avoidance Agreements (DTAA) are mainly covered in Sections 90, 90A and 91²⁵. The Income Tax Act's Section 90 is applicable when a Double Taxation Avoidance Agreement (DTAA) is in place. It guarantees that no person who works for a foreign company pays income tax twice. If specific associations of two countries have signed the DTAA agreement, then Section 90A is applicable. Section 90A permits the claim of tax relief in cases where a particular Indian organisation or association and a foreign organisation have signed the DTAA. If there is no bilateral trade agreement (DTAA) between India and another nation, then an individual may be able to claim tax relief under Section 91 of the Income Tax Act. India and 85 other countries have a double taxation agreement (DTAA); however, Section 91 provides relief from double taxation even on foreign income. A treaty known as a Double Tax Avoidance Agreement (DTAA)²⁶ is signed by two nations to ensure that residents of one country do not face double taxation on income or gains that originate in the other. These agreements enable companies to operate internationally without being subject to excessive taxation, which makes them particularly relevant for cross-border e-commerce businesses. A DTAA's principal goal is to

²⁵ Mayashree Acharya, *Section 90, 90A, and 91 of Income Tax Act*, CLEAR TAX (Nov. 12, 2023, 9:23 pm) <https://cleartax.in/s/section-90-90a-91-of-income-tax-act>.

²⁶ Aggarwal, N.D. & S., *Cross-border e-commerce: How existing law is supporting both brands and E-commerce operators*, ENTREPRENEUR (Nov. 14, 2023, 4:23 pm), <https://www.entrepreneur.com/en-in/news-and-trends/cross-border-e-commerce-how-existing-law-is-supporting/381410>.

prevent double taxation by making sure that earnings or incomes are not subject to two separate taxes in two different jurisdictions. This makes it clearer what taxes companies that operate in multiple countries must pay, which promotes investment and trade across borders.

□ **MFN (Most favoured Nation) CLAUSE IN DTAA BETWEEN INDIA AND OTHER COUNTRIES:**

The Most-Favoured-Nation (MFN) clause is a clause found in the Protocol to India's Double Taxation Avoidance Agreements (DTAAs) with a number of nations, particularly European States and OECD members (**the Netherlands, France, the Swiss Confederation, Sweden, Spain, and Hungary**). The general underlying provision of these DTAAs is that, although the wording of each MFN clause varies, if India enters into a DTAA with another OECD (organization for economic co-operation and development) Member State after the first State's DTAA is signed or enters into force, and India limits its source taxation rights with regard to certain income items (like dividends, interest income, royalties, fees for technical services, etc.) to a rate lower or a scope more restricted than the scope provided for those income items in the DTAA with the first State, then the first State should likewise receive the same beneficial treatment.

Circular No. 3/2022, released on February 3, 2022, by the Central Board of Direct Taxes (CBDT), stipulates that the tax treaties that India has with other countries can only include the "most favoured nation" (MFN) clause if specific requirements are fulfilled-²⁷

1. India and a third state subsequently sign a treaty.
2. India signs the next treaty with a state that is an OECD (organization for economic co-operation and development) member at the time of the treaty's signature.
3. A lower rate or a more limited range of taxes was allowed by the ensuing agreement.
4. Because of the favourable treatment provided in the ensuing treaty, India has published a notification allowing the MFN clause to be invoked.

²⁷ India: Guidance regarding invocation of 'Most favoured nation' treaty clause (no date) KPMG. (Nov. 14, 2023, 4:24 pm) <https://kpmg.com/us/en/home/insights/2022/02/tnf-india-guidance-invocation-mfn-treaty-clause.html>.

INDIA - NETHERLANDS DTAA²⁸

A tax treaty has been established between the Netherlands and India to avoid double taxation and to advance bilateral economic ties. The treaty facilitates the resolution of problems pertaining to capital gains and income taxes for citizens of both nations. Article 12 of the aforementioned tax treaty gives the source country the authority to tax shareholder dividend income at a maximum rate of 10%. As agreed upon as part of the Protocol to the aforementioned tax treaty, the MFN clause of the India-Netherlands tax treaty is as follows:

The same rate or scope as provided in that Indian Convention or Agreement on the said items of income shall also apply under this Convention as of the date that the relevant Indian Convention or Agreement enters into force. If, following the signature of this convention, India is required by any Convention or Agreement between India and a third State that is a member of the OECD to limit its taxation at source on dividends, interests, royalties, fees for technical services, or payments for the use of equipment to a rate lower or a scope more restricted than the rate or scope provided in this Convention on the said items of income.

INDIA - FRANCE DTAA²⁹

In order to avoid double taxation and promote economic cooperation between France and India, the two nations have a tax treaty. The MFN clause permits the application of more advantageous terms and conditions from any later tax treaties that either nation signs to the tax agreement between France and India.

"With regard to articles 11 (Dividends), 12 (Interest), and 13 (Royalties, fees for technical services, and payments for the use of equipment), if under any Convention, Agreement, or Protocol between India and a third State that is a member of the OECD, India limits its taxation at source on dividends, interest, royalties, fees for technical services, or payments for the use of equipment to a rate lower or a scope more restricted than the rate of scope provided for in this Convention on the said items of income, the same rate or scope as stipulated in that Convention, Agreement, or Protocol on the said items of income shall also apply under this Convention, with effect from the date on which the present Convention is signed. "

²⁸ Llp, S.A.C. (2022) *The story of most favored interpretation of MFN clause in treaties*, Sbs. (Nov. 16, 2023, 8:34 pm) https://sbsandco.com/blog/the-story-of-most-favored-interpretation-of-mfn-clause-in-treaties#_ftn1.

²⁹ *Ibid*

CONCLUSION AND SUGGESTIONS

Businesses can now expand their market share beyond their local area thanks to the cross-border e-commerce platforms at their disposal. Businesses on these early platforms,³⁰ however, confront a variety of difficulties, from regional to international problems. As a result, managers of International e-commerce must possess a thorough awareness of the dangers, extent, dynamics, and factors influencing these difficulties. They also need to manage, start, and grow international e-commerce businesses.

Regardless of size, International e-commerce is the next step for any business endeavour in light of global technological advancements and deregulation.³¹ All businesses, from small corner stores to large multinational conglomerates, are now catering to the online needs of their domestic and international clientele. A number of developed and developing countries have already mobilised in favour of an open and durable online business environment in order to realise the full potential of cross-border e-commerce.

Cross-border electronic commerce has garnered considerable interest within the realm of global trade.³² Thanks to the innovative e-commerce platforms that enable people to purchase goods from other nations at their convenience, exports and imports are more closely linked. Nevertheless, compared to traditional businesses, the supply chain underlying cross-border business transactions is more intricate. E-commerce supply chain performance is dependent on numerous national and international factors. The supply chain's problems and obstacles are changing quickly because of the internet's rapid development.

These days, the phrases "big data," "artificial intelligence," and "IoT" have several connotations since they relate to various business-related technologies, eco-systems, applications, and services. The rise in popularity of cross-border e-commerce is a result of the recent industrial and technological revolution. As such, it encourages economic globalisation, which is strategically important for the global expansion of e-commerce initiatives. The broad application of technologies like artificial intelligence, big data, and the internet of things in cross-border e-commerce has grown exponentially in the business sector.

³⁰ Zhavoronkova, A., *Small or medium-sized business? jump these international hurdles to gain cross-border commerce revenue.*, X.(Nov. 12, 2023, 8:12 pm) <https://www.x-cart.com/blog/cross-border-commerce.html>.

³¹ *Ibid.*,

³² Christensen, E., *Council post: A strong cross-border strategy is key to sustaining e-commerce growth post-pandemic*, FORBES. (Nov. 12, 2023, 8:23 pm) <https://www.forbes.com/sites/forbesfinancecouncil/2021/04/23/a-strong-cross-border-strategy-is-key-to-sustaining-e-commerce-growth-post-pandemic/?sh=45da00db76b6>.

Businesses face both opportunities and challenges from cross-border e-commerce. It has more market diversity, access to a wider customer base, and more revenue streams, but it also has drawbacks, including payment problems, cultural differences, logistical difficulties, and legal and regulatory obstacles.³³ In spite of these difficulties, International e-commerce still has a lot of room for expansion and success for companies prepared to face these challenges head-on.

SUGGESTIONS:

1. MARKET RESEARCH AND LOCALIZATION³⁴ - In order to comprehend the needs, preferences, and behaviour of the target market, market research entails gathering and evaluating pertinent data about the market. Typically, this process involves a number of methods, including focus groups, interviews, surveys, and the collection of secondary data from reliable sources. The process of customising goods, user interfaces, and marketing tactics to the unique tastes, customs, and cultural quirks of the intended audience is known as localization. This process entails a thorough grasp of the local market and its cultural context, going beyond simple translation. To comprehend the tastes, habits, and cultural quirks of the target audience, do extensive market research. Tailor product offerings, user experiences, and marketing strategies to the preferences of the target market.
2. PAYMENT SOLUTIONS AND CURRENCY CONSIDERATIONS³⁵ - Businesses must offer a range of payment options in today's global marketplace in order to accommodate varying customer preferences. This guarantees smooth and secure transaction completion in addition to improving customer satisfaction. Furthermore, keeping an eye on currency conversion and fluctuation is essential to maintaining clear pricing and preventing client misunderstandings. Businesses can give their customers convenient and reliable payment solutions by emphasising security, providing a variety of payment options, and taking currency conversion and fluctuation into account.
3. STRATEGIC PARTNERSHIPS AND COLLABORATIONS³⁶ - Establish alliances

³³ Satya Nadella, *20 biggest ecommerce challenges in 2023 + Simple Solutions*, VUE.AI (Nov. 12, 2023, 12:45 pm), <https://vue.ai/blog/ai-in-retail/ecommerce-challenges-in-2021/>.

³⁴ Chetan Chadha, *Adoption of localization in e-commerce: Impact of ...* – RESEARCHGATE (Nov. 12, 2023, 3:45 pm) https://www.researchgate.net/publication/337705387_Adoption_of_Localization_in_E-commerce_Impact_of_Localization_on_Emerging_SMEs.

³⁵ Kasser, E. (2020) *Cross-border payments: E-commerce and B2B essentials*, Wise. Available at: <https://wise.com/sg/blog/cross-border-payments> (Accessed: 22 November 2023).

³⁶ Kunio Mikuriya, *Framework of standards on cross-border e-commerce*, WORLD CUSTOMS ORGANIZATION (Nov. 21, 2023, 4:34 pm) <https://www.wcoomd.org/>

with nearby companies, distributors, or online retailers in your intended markets to take advantage of their clientele, infrastructure, and market expertise. Working together with industry experts provides you access to their knowledge, insights, and experience about the market, enabling you to make well informed decisions and modify your plans as necessary. You can offer bundled or integrated solutions that increase customer value and your competitiveness by collaborating with complementary businesses. Linking your brand to respectable partners can boost exposure for your brand and establish credibility.

4. CUSTOMER SERVICE AND COMMUNICATION ³⁷– Any business must prioritise communication and customer service, especially when it comes to gaining the trust and satisfaction of its clientele. Providing multilingual customer service can improve the experience for clients who might have queries or problems that need to be fixed right away. Offer multilingual customer service to quickly resolve questions and issues. Building trust and satisfying customers requires clear and effective cross-cultural communication.
5. TECHNOLOGY AND INNOVATION - Businesses can reach a larger customer base and offer a smooth online shopping experience with a strong e-commerce platform. Features like inventory management, safe payment gateways, individualised recommendations, and user-friendly interfaces should be included. Analytics tools offer insightful information about market trends, consumer behaviour, and company success. Businesses may streamline processes, make data-driven decisions, and provide individualised experiences by gathering and evaluating data. Metrics like website traffic, conversion rates, consumer preferences, and social media engagement are tracked by these tools. To improve user experiences, streamline processes, and spot consumer and market trends, invest in strong e-commerce platforms, cybersecurity safeguards, and analytics tools.³⁸

In conclusion, despite the difficulties associated with International e-commerce, companies can

/media/wco/public/global/pdf/topics/facilitation/activities-and-programmes/ecommerce/wco-framework-of-standards-on-crossborder-ecommerce_en.pdf?db=web.

³⁷ Escarda Nina, *The role of customer service in cross-border eCommerce*, INTERNATIONAL TRADE COUNCIL - SOLVING TRADE-RELATED ISSUES (Nov. 12, 2023, 3:34 pm) <https://tradecouncil.org/the-role-of-customer-service-in-cross-border-ecommerce/>.

³⁸ Moritsch, S., *The challenges of cross-border International Trade*, KPMG (Nov. 16, 2023, 8:14 pm), <https://kpmg.com/xx/en/home/insights/2022/04/the-challenges-of-cross-border-international-trade.html>.

take lead of the opportunities by implementing a comprehensive plan that takes into account logistical, cultural, technological, and regulatory factors. To succeed in this field and realise the enormous growth and expansion potential, one must be proactive, flexible, and possess a thorough understanding of local markets.